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FOR THE PEOPLE.

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# THE PUBLIC DEBT:

WHAT TO DO WITH IT.

AN EXAMINATION OF THE FINANCIAL PROBLEMS  
OF THE DAY, AND A DISTINCT SHOWING  
OF THEIR TRUE SOLUTION.

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BY HENRY REED.

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## INTRODUCTION.

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THE purpose of this work is, 1. To introduce its readers to themselves; 2. To supply them with the implements for communion with each other. In order to arrive at conclusions which are essential to their well-being, it is often needful for men to be informed what they themselves are thinking about, and what they think about it; what thoughts have been conceived in their minds, which have not yet entered the domain of perfect consciousness; and he who, in respect to subjects of vital interest, is able to perform the office of medium or interpreter, between them and themselves, does them a service. Hundreds of thousands of men in the United States, while they give, on all occasions, their formal assent to the proposition that the public debt should be paid, feel, under an oppressive sense of the impossibility of paying it, that there must be, somewhere, a reason, if they could only find it, why it should not be paid. Their interior sense, under the impulse of the instinct of self-preservation, tells them that, in the nature of things, there must be a point where the right and the inevitable coincide; that there must be a principle to justify them for not doing that which to do is impracticable. The object of this essay is to supply an interpreter to that interior sense; to bring the conclusions of the instinct to the surface, by supplying them with appropriate words; to make the outer acquainted with the inner man; so that, by the aid of the higher intelligence he will thereby acquire, he may enter into such communion with other men as is essential to unity of sentiment and corresponding unity of conduct.

It is a bold proposition to lay down, that the evidences of the public debt of the United States do not represent a binding obligation; that the authority to create debts, not being one of the legitimate powers of government, the contracts into which government enters for that purpose are void, and that consequently the question, to pay or not to pay, is one simply of discretion. He who lays down such a proposition, should be morally prepared to bear some temporary discountenance, and intellectually competent to defend it. For myself, I have a right to say, that I have never holden any other opinion, nor advocated any other. The conclusions to which I have arrived, therefore, are no fresh ones, invented for the occasion, or evolved from present economical, political, or party cir-

cumstances; and I would not have chosen this mode of communication with the public had any other been accessible.

But whenever there is a train of thought which it is vitally essential to awaken in the popular mind, there is seldom a stated vehicle of communication. The business of the party newspaper is to hold the edge of the party implement to the face of the party grindstone. Trains of thought which are out of the prescribed track, are unacceptable. There is nothing that is holden by the journalistic code so dangerous as a conclusion drawn from other than party premises. There is nothing in the journalistic orbit so dreaded as an appeal to a fundamental principle. He who looks beyond the party platform, with its narrow planks and little traps for catching voters—who dares to dissent from the dicta of the party sachems, is written down dangerous, and given to understand that he is under suspicion.

There is no form of financial policy now presented to the people, or capable of being presented through the columns of newspapers of any party, which does not start from the predicate that the public debt must and shall be paid. There is, therefore, none which, by any possibility, can either now or in the future afford them the relief they crave, and to which they are entitled. The sole effect of a plan proposed is to sustain, by its antagonism, a plan adopted; and through a discussion of the claims of different schemes, neither of which can do more than perpetuate the evils that exist, keep the people quiet through a confusion of ideas.

The knot of our financial system has become so involved and complicated, so perplexed with conflicting public and private interests, so overburdened and exacerbated by extravagance and mismanagement, that to untie it is impossible. There is but one way, and that is to cut it. Happily there is a principle under which this may be done. When abuses, with their accumulated consequences, have risen to a height so enormous, there are always those who have an interest in their continuance. These must be overcome; and to this end the principle must be set loose to perform its office. It is in exigencies like these that, if the people do but see aright, principles long enshrouded unvail themselves, and, endowed with fresh vitality, point the way to their own application.

It may be—indeed it has been—said that it is too early to lay down the ideas which the following pages are written to advocate; that the public mind is not yet prepared for their entertainment. The objection admits the justice of the ideas in the anticipation of a time when they will be in order. To this it may be answered, that if they are sound now, they are as sound as they will be at any time to come; and that if they are not sound now they will not become so at any time, however remote. Truth is never in order, nor error out of order more at one time than at another. The one is always in order, the other never. What preparation does the public mind need for the entertainment of the largest truth upon the question of the highest importance? Are not the circumstances of the day sufficiently appalling? Was there ever a problem more momentous than that which daily and hourly facts are pressing upon the attention of the American people? Do we need a fresh accession of calami-

ties in order to turn us to our own affairs and compel us to think of them? There is a species of men in the world with whom whatever counsels them to lift themselves out of their indolence, is always too early or too late; whose unripe spring leaps with a single bound into the lap of an overripe autumn, leaving them no summer for action; who, if they were dead, in their graves, would turn and feebly beg the appointed archangel, standing on the crystal battlements of heaven, with the trumpet of the resurrection at his lips, to pause and reflect whether the movement was not a little premature, and whether it was certain that the sleeping myriads were ripe for a change so radical as that which he was preparing to inaugurate; whether it would not be better to devise some plan by which it might be brought about gradually, and thus avoid the shock that too great precipitancy might occasion. It is not for such that these pages are intended. The question is not one of preparation; it is one of capacity; a question whether the people of the United States are endowed with those qualities of mind and heart which enable and entitle them to assume the mastery of their own fate. If they are so in love with the load which they have had cast upon their shoulders, if they are so enamored with that servitude which, in the blind confidence of passion, they have instituted for themselves, there is no more to be said. They are the keepers of their own destiny, and will have little right to complain of that from which, when the way was before them, they did not incline to escape. There are periods in the life of every people, when the alternative is presented to them, to revolt against the dominion of their unwise or unfaithful party leaders, and take the command of themselves, or to suffer the consequences of a betrayal of their most intimate and vital interests. In fact, the history of human progress is the history of alternate enslavements and emancipations; the former resulting from unwarranted confidence which the people have reposed in men whom, upon the presumption of superior worth or wisdom, they permitted to take control of their destiny; and the latter being the effect of the abuse and consequent withdrawal of that confidence, the deposition of their unfaithful leaders, and the temporary resumption by themselves of that authority which they can never safely abdicate. Encroachments being always gradual, always attempted under a pretense of zeal for the public good, and always made at times when the popular passions are awake, and the popular caution asleep, make progress, and become strong and established, before they are detected; so strong and so well established, as to bear almost the appearance of rights, and to require a vigorous effort and an extraordinary exigency for their abolition. The people of the United States are little aware of the extent to which their political free-agency has been invaded. They are scarcely awake to the fact that, as electors, they are little more than implements to execute the decrees of bodies of self-chosen undertakers, who have reduced party management to a science, and learned to direct the movements of party machinery to the sole end of their own personal advantage. They have just passed through the excitements of a party conflict, the effect of which has been, so far as party action is concerned, to commit both parties to the payment of the public debt, principal and interest; one party through the

fact that it was the creator of the debt; and the other through the fact that its leaders needed the contributions of the public creditors to supply the lubricating material essential to the efficient working of the party wheels and levers. The comparative values of the two elements of party force, money and sentiment, as they are understood by politicians, may be seen in the fact that the leaders of the party opposed to the one by which the debt was created placed, at the very head and front of the literature of their preliminary organizations, the declaration that the public debt must be paid. It can not be that they imagined that the surest way to arouse the feelings of the people against those who had imposed this burden upon them was to inform them that, in case they should attain to power, they would do their utmost to make the yoke of the tax-gatherer, under which they now groan, perpetual. It was not simple fatuity, which this would indicate, but treachery. Admitting—which is strictly true—that the average party leader always does the worst thing which the nature of the case will admit, it is almost inexplicable that the leaders of the opposition should have chosen the heaviest load which the other party had to carry, and volunteered to take an equal share of it upon their own shoulders.

And such a rallying cry—such an explosive compound for the generation of popular enthusiasm! To take one of the people—a painstaking man, who seeks no office, demands no charter to enjoy at the expense of others, asks only to live in such comfort as hard hands and honest heart can achieve at the plow or the anvil, and tell him that all parties, by the agreement of their leaders, are pledged to make such servitude as that which he now experiences, the sole inheritance he is to transmit to his posterity, and then ask him to be glad over it—to look in that direction for a millennium—is such an exaggeration of confidence practices as even those who deal in patent safes and sham bills of exchange might be proud to imitate. The truth is, the fact that the country belongs of right to those who create its wealth, who took it at the rough, made it all that it is, and are destined to make it all that it is to be—is the thing which the man who adopts politics as a trade hastens, as fast as possible, to forget.

I confess that seeing such things as these, I am not without very serious misgivings. I confess that there is great reason to fear, not merely that the people are not prepared now, but that they never will be prepared. That they will sooner or later think in conformity with the doctrines here laid down, may be anticipated with reasonable certainty; but the all-important question is, will they adopt them as principles to govern their political action? Will they allow themselves to be amused with palliatives and promises, and party issues between this or that policy—the little financial puzzles with which the times are so unhappily fruitful—until the yoke is firmly fixed upon their necks; until the galls it makes are turned to scars, and the scars to callouses, and the callouses forbid them ever to rise to the form and stature of manhood? Is this to be their history? or will they assert themselves, affirm their inalienable right to life, liberty, and the pursuit of happiness, and insist that nothing shall be permitted

to interpose between them and the immediate realization of that freedom which it is the sole legitimate end of government to promote and protect? They will do well also to remember that encroachments acquire, by sufferance, a semblance and color of right; and that the power to resist diminishes in proportion as the wrong is endured. He who submits to be a serf to-day, will more easily submit to be a serf to-morrow; and the most abject servitude to which humanity was ever subjected, commenced in the toleration of injustice upon some deceptive promise of transient advantage.

The people can expect no release from the burden of the public debt at the hands of the leaders of either party; nor at the hand of any existing party organization, until they themselves have reformed that organization. The condition is the same as if the leaders of the two parties had entered into a mutual compact to make the burden perpetual, and to prevent the question of payment or non-payment from being opened hereafter. All alike demanded of the people to lay aside all other matters, and think alone of the means to decide who is to hold the offices in the gift of the election of 1868; and now, when that has been decided, there will be other issues of a similar character, in favor of which the interests of their confiding followers will be postponed without even the ceremony of a consultation. Indeed, the question of the release of the people from a crushing burden is too large for the party leader to handle. His mind is not accustomed to the consideration of things so weighty. He is not so sure but, for his purpose, his followers are more content and tractable as they are. At any rate, so long as their minds can be amused and occupied with that which relates to his particular interests, why should he trouble himself about theirs? If the people of the United States are wise—if they are not unwise with more than a common infatuation—they will not permit themselves to be taken out of their own hands, and monopolized by any body of politicians, in or out of office. These politicians have no authority to place them where they have placed them upon the great question of the time—the question that directly or indirectly includes every other: It was an act of arrogance for which they deserve to be cashiered; and a voice should go up from every quarter of the land commanding these too officious gentlemen to take down the black flag of endless servitude which, with shameless vanity and inconceivable heartlessness, they have hoisted over this people, or yield their places to such as better comprehend the nature of the service which, with so little fitness, they have rashly thrust themselves in to perform.

If the sentiments contained in these pages shall fail to strike a responsive chord in the popular mind, my regrets will be greater than the mere loss of my labor can occasion. Looking back over my work, now finished, it almost seems to me that I have been idly elaborating a self-evident proposition. If, on the contrary, I am judged to be a preacher of destructive radicalisms, of false and perilous novelties; if I am brought to grief for attempting to teach doctrines at war with that sublime abstraction, the national honor, and subversive of that indefinite quantity, the public morals, I shall be compelled to plead that I was mistaken in the character



of those whom I addressed. They are not the men I took them to be. As I understand it, the question what to do with the public debt, is immeasurably the most important question that can be presented to the people of the United States; the most important question that, under like circumstances, could be presented to any people. It is a question which involves the whole character of their present and of their future; it is their own question, and a question of and for their posterity. It is a question of freedom and slavery; for, as Michelet justly remarks, "to tax and to collect is to reign." A taxed people may call themselves citizens, but they are subjects, and they may be slaves. When government—as ours does now—absorbs more than half the net earnings of labor in the land, it needs something more than picked phrases descriptive of national greatness, or expletive of the blessings of civil liberty and political freedom, to prove that it is not an implement, the immediate effect of whose agency is to depress the spirits, cripple the energies, and debase the character of the people.

## THE PRESENT CONDITION.

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THE people of the United States are indebted to the events of the last six years for two things, the effects of either of which alone would be severe in counteracting their efforts to achieve that progress of which they are naturally desirous; but which together would seem, not only to render such progress impossible, but to condemn them to a retrograde movement of indefinite duration, with all its direct and incidental ill consequences. These two things are a vast public debt, which presses with deadly force upon their industry; and a circulating medium of paper, redundant in quantity, but depreciated in price, inconvertible in fact and yet clothed, by the law of its creation, with the legal attributes of money. It is not essential here to enlarge upon the unhappy effects of these agencies. They are ever present with the people; and the plagues of Egypt were not more palpable than they are; to those who were afflicted by them, in their offensive presence, and in the sufferings which they entailed. In the pages which follow, these evils will be dwelt upon more at length and in detail. It will be shown that they were foreseen and predicted when the policy to which they owe their existence was adopted; that the authors of that policy were not without their apprehensions that the very effects which have been would be realized; that they were not blind to the unsoundness of the principles upon which the debt was contracted and the paper emitted; and that, having once entered upon practices which their convictions did not justify, they lost their free agency, became the slaves of circumstances of their own creation, and were impelled helplessly forward by a tide which they themselves had called into existence. It will be seen that the debt and the legal-tender issues reacted upon each other for mutual aggravation; that the effect of fresh emissions of paper was a disproportionate increase of the debt; that each enlargement of the debt unduly stimulated the paper issues; and that the consequence was the obstruction of every wholesome, and the energizing of every unwholesome provision of the laws that were devised for the regulation of financial affairs. The causes of our difficulties are so many, and their combinations for the production of ill effects so various, that it will be essential to present the same state of facts and system of ideas in dif-

ferent aspects; and to combat not a few of the false notions which have been put forth in respect to the proper means for our extrication.

The most of the deceptions to which men submit are such as, if they do not originate with, are encouraged by themselves. An agreeable falsehood, even if not half believed, is far more acceptable than an unpalatable truth. Few are willing to be informed that the causes of the evils under which they suffer are more than merely temporary; and hence the almost universal propensity to attribute ill-omens of the most alarming character to causes trivial in themselves and foreign to the circumstances. The people of the United States are pretty generally agreed that there is something wrong in their economical condition. They would be glad to be informed that the occasion of this wrong lies in some unwise measure of Congress or some incorrect calculation of the Secretary of the Treasury—as a tax on cotton, or the withdrawal of a comparatively insignificant proportion of the public paper from the aggregate of that material in circulation—and really feel obliged when they receive from the newspaper in which they confide, or from some political personage, who professes to have looked into the matter, assurances to that effect.

The roots of the evils by which the people are beset lie deeper. Except by a few of the most ignorant and prejudiced, the idea that the country has increased in wealth during the war has been abandoned. There are not many who deny that it is poorer, or that its circumstances, in respect to progress, are less favorable. But the number who are morally prepared to see arrayed the appalling facts, in all their grim entirety, and contemplate, in its full magnitude, the astounding total, are few and exceptional. It is not pleasant to look upon a country ruined as ours is ruined. It is hard to confess that one's country is ruined, because the general fact suggests a personal application. A ruined country is a body of struggling people. The feeling is not unlike that which comes over the homicide when he is brought into the presence of his victim; which impels him to turn away, as if, by that means, the fearful spectacle could be annihilated. But there is nothing to be gained by turning away. The restoration of the country, so far as it is to be done through the agency of the intellect, will be done by such as appreciate most fully the situation, and who, in their efforts to discover and apply the remedy, are most honest to themselves. If there ever was a time when a people were exhorted, by the voice of inexorable facts, to look into their condition, to contemplate its features, and, for the sake of their own safety, to comprehend them, that people is this people, and that time is now. The law of natural selection pervades all things, affording in all times of peril the largest measure of success to the strongest spirits; for, "to be weak is to be miserable, doing or suffering." The part of true wisdom, therefore, is to face the facts, whatever may be the conclusions to which they compel.

It is not the withdrawal of a few millions, more or less, from the total of our circulation—a mere fraction at the very largest—that is producing the scarcity of money, of which there is so much complaint. Let the amount in circulation be what it may, there will never be enough for the class to which the insolvent and the speculative belong. Before the war,

with more than twice the production, and less than half the currency, the country had all the money necessary to move its crops and transact its business. "Money," says the Secretary of the Treasury, "by no means becomes abundant by an increase, or scarce by a diminution of its volume. The reverse is more likely to be the case, especially when, as is generally the case, high prices are speculative prices and prevent activity in exchanges. Money is in demand at the present time; not so much to move the crops, as to hold them—not to bring them, at reasonable prices, within the reach of consumers, but to withhold them from market until a large advance of prices can be established." The scarcity of money, in short, is a speculator's scarcity—a wholesome scarcity which, if it were greater, would move the crops, produce a freer circulation, and, to the great advantage of the community, compel a reduction in the prices of articles of subsistence. It might be a little severe upon the speculators, perhaps; but he is unfit to take risks who is not morally prepared for all the possible consequences.

The public expenditures of the year 1867, including the sums contained in the pending deficiency bill, were, in round numbers, three hundred and eight millions of dollars, a part of which was in specie: equivalent to about five hundred and fifty millions, all in paper. The estimates for the year 1868 are three hundred and seventy two millions; but, as the amount of specie collected will be less and the amount of paper larger in proportion, the total, brought to the paper standard, may not be greater than that of 1867—five hundred and fifty millions. This is exclusive of State and local taxation, which will not fall far short of two hundred and fifty millions of dollars; making the grand annual total drawn from the people in taxes, at the currency rates, eight hundred millions of dollars: equal to five hundred and twenty millions in specie.

The ability of a people to pay taxes may be estimated by the amount of their surplus production, as shown by their annual exports, less the articles of necessity and the value of the raw materials for manufactures which they import. The total value of American products, exclusive of gold and silver, exported in 1865, was a little over three hundred millions of dollars (\$306,306,758). The total value of articles imported, exclusive of re-exports, was two hundred and three millions. Allowing one hundred millions for raw materials and articles of necessity, and there remains a balance of two hundred millions of dollars to meet a demand of five hundred and twenty millions. Suppose the entire surplus of the country devoted to the payment of taxes, there would still be a deficiency of two hundred and twenty millions to be met from other resources, and, in effect, subtracted from that capital which would otherwise be occupied in employing labor and in prosecuting productive enterprises. Such a state of things, were there no other adverse elements, would render progress impossible, and lead to the conviction that those of our industrial phenomena, which seem to indicate that progress has not become suspended among us, are deceptive and illusory.

The amount of United States notes, including certificates of gold deposit and fractional currency, is stated at four hundred and twenty mil-

ions of dollars; and the amount of notes of the National Banks at three hundred and forty millions; making up a total of seven hundred and sixty millions. It will be seen, therefore, that the Federal taxes exceed in amount the whole of the Federal currency in circulation, and that the Federal and State taxes together exceed the aggregate of Federal and National Bank circulation. It is necessary that the whole, and more than the whole, of the currency of the country make an annual transit through the channels of the Government—a state of things which it may safely be presumed can hardly find a parallel in any other country in the world. And a government which does this, requiring yearly an amount of revenue equal to the entire net proceeds of the common industry, is virtually an impracticable government.

A man who annually pays to the State the entire net proceeds of his industry will make no progress; he is simply a slave to the government; and the same may be said of a people. A man who is compelled annually to withdraw from his business a portion of his capital to meet public demands, will not only make no progress, but will fall into decay; and the same may be said of a people. It is easy to make calculations for the future upon the basis of the past, and to arrive at huge totals which are to represent the aggregate of our national wealth twenty or thirty years hereafter; but the past, in our case, has ceased to be a safe basis for such estimates. There is a new element in our problem; and the fact that the shallow men who are busying themselves and amusing the public by inventing and advertising small financial expedients and devices ignore it, is proof either that they do not comprehend the situation, or that it is too unwelcome in its aspects, and too vast in its magnitude, to be permitted to stand in connection with their pigmy contrivances. The skipper of a fishing smack upon the banks of Newfoundland does not give a wider berth to the iceberg that comes drifting solemnly down from the polar regions, vexing the clouds with its summit, and scoring an eternal memorial upon the ocean bottom with its foot, than they give to this the most momentous and self-contained of all the questions of the time—the problem of problems, in which all the problems that relate to the present and the future well-being of the State and the people are included.

It is contended by some that it is of little practical moment how much the Government owes, so that the sums which it collects, for the payment of interest and principal, are restored to the people again by its disbursements. They who take this view of the subject hold that it is the foreign debt alone which is burdensome; and that, so far as the domestic debt is concerned, the process of payment is simply that of taking from one pocket to put into another. This order of financiers, some of them, go a step farther, and insist, that even the foreign debt represents capital in our hands, upon which we pay the interest, receiving at the same time, in the privilege of using it, a commensurate benefit. These ideas are all predicated upon the fallacy that it is money which makes a country rich, and that national wealth is equivalent to having the symbols of value in abundance. There can be no wilder mistake. Public debts are the representatives of so much wealth expended, so much value annihilated. It is hard

to tell whether the general prosperity is most marred by payments abroad or at home. The evils of extreme taxation do not depend upon the local distribution of the sums collected, but upon their personal distribution. Whatever government requires, labor pays. All it demands either has been or is to be created; and it is the laboring masses alone who create. In all taxing processes, government becomes the agent of an unnatural distribution. It takes from the creator of values, to put into the hands of the non-creator. All the intermediate orders—capitalists, bankers, merchants, landlords, and manufacturers; all who represent capital, or traffic in articles of common necessity—become the actuaries of the government in prosecuting the work of disturbing the operation of the natural forces of society.

Governments owing debts are themselves costly; the collection, management, and disbursement of vast sums of money, requiring a large and expensive increase in the number of their employees. Public debt and official profligacy are so universally associated that, although their connection may not be distinctly traced, it is difficult to believe that there is not between them more than a casual relation. The indirect taxation falls with more oppressive weight than the direct, because the intermediate collectors never fail to pay themselves largely for the labor of collection; and is more dangerous, because through it the laboring masses may be overwhelmed without being distinctly aware of the cause of their prostration.

The taking from one pocket to put into another is one of the great evils which a heavy taxation begets. The practice works injury by taking out of the one pocket, and additional injury by putting into another; the latter process serving to intensify the bad effects of the former. The consequence of the two is a continual widening of the distance between the laboring and the non-laboring, to sever the bond of sympathy between them, and to make the one poor and helpless as the other becomes rich and independent. The idea that the taking from one is innocuous, so that payment is made to another is peculiarly the banker's and financier's idea, and has great plausibility from their point of view. Men think within their own order, and do not incline to look beyond it for the means to condemn any system of policy, so that they find it tolerable to themselves. The public debt distresses and deteriorates those who ultimately pay that and every other public exaction. The life-blood is taken from them; it is injected into the veins of a different order; and it is a poor compensation, while the former are expiring, to remember that somebody else has been made robust by their depletion.

The question is: Even if we were ever so much of a mind to do it, can we pay the debts of our governments? The nation owes its debt. The States owe theirs. Counties, cities, and towns are uniform in nothing so much as in the fact that they are debtors. There has been, if not a mania for the creation of corporate obligations, an indifference to their necessary and obvious consequences that is more than marvelous. The question whether each can be paid is conditioned by the existence of all the rest, and the payment of either is an impediment to that of all the others. The fact that men turn their backs upon this question is proof that they

are afraid of it. These debts represent so much wealth annihilated. Their payment will represent so much wealth created and misappropriated; turned away from the use of those by whom it was created, to the disturbance of every function of the economical system, the demoralization of the upper classes by luxury, and of the lower by poverty, and to the working of those, the most unhappy of all political changes, which work themselves through the deterioration of the people. Are we prepared to pay the public debt at this expense? But even at this expense, can it be paid? The solemn silence that is maintained upon this head is proof that there are mental intuitions of which there is little or no surface indication. The real problem is, how long is the struggle to continue? How wretched is it necessary to become before we shall come to a decision, when every moment of delay is additional misery?

## THE TENDER LAWS.

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THE degree of attention which the people of the United States have paid to the legal-tender laws, as well in respect to their legitimacy as to their effects, is not complimentary to their sagacity. This has not been for the want of intimations from official quarters of the evil consequences to be expected from their operation. Since the year 1862, their effects, as well those which had been realized as those which were to be apprehended, have been described in the annual reports of the different secretaries, with reasonable distinctness; and if the suggestions had been heeded by Congress and the people, a portion, at least, of the mischiefs they have inflicted would have been escaped. It is evident that Mr. Chase, who is the putative author of the legal-tender plan, and who enlisted his own personal influence and that of others to secure the passage of the law of February 26, 1862, by which the first issues were authorized, regarded it as merely a temporary expedient to serve until an efficient system of taxation could be devised and set in operation; and which nothing but the pressure of a great war upon an empty treasury could excuse. In his annual report of that year, he declares that "the circulation of United States notes constitutes, practically, a loan from the people without interest;" and, remarking upon the obligation to keep the issues within narrow limits, says that the consequence of their increase would be "a vast diminution of exports, inflation of prices, increase of expenditures, augmentation of debt, and ultimately disastrous defeat of the very purpose sought to be attained by it."

It is due to Mr. Secretary Chase to state that, in none of his official reports, does he appear to have committed himself in favor of the constitutionality of the legal-tender laws. On the contrary, the reasons which he gave, both for and against the issue of notes directly by the Government, omitted all reference to the legal-tender provision, and were grounded alone upon ideas of expediency. He thought the emission of treasury notes "recommended mainly by two considerations: the first derived from the facility with which it may be provided in emergencies; and the second from its cheapness." He stated the principal objections to such a circulation to be: "1. The facility of excessive expansion



when expenditures exceed revenue; 2. The danger of lavish and corrupt expenditure, stimulated by facility of expansion; 3. The danger of fraud in management and supervision; 4. The impossibility of providing it in sufficient amounts for the wants of the people whenever expenditures are reduced to equality with revenue or below it." "These objections," he added, "are all serious."

There is, running through all the reports, both of Mr. Chase and his successor in the Treasury Department, the evidence of feelings of continual apprehension of the effects of the false principle embodied in the legal-tender clauses. More than once the former took occasion to express to Congress his views of the importance of an adhesion to sound principles in the regulation of financial affairs. It was his dread of the consequences of the legal-tender provisions which led him to propose the creation of a system of National Banks, whose function should be to supply the country and the government with a circulating medium, to be based upon that portion of the evidences of the public debt, which could not be extinguished by an efficient scheme of taxation, and were to be funded in a permanent form for the purpose. "Unfortunately," as one of his judicious critics has remarked, "the Secretary and the committee of Congress entertained the idea that paper promises were capital, and that for the Treasury to borrow it was first necessary to supply the paper to be borrowed, in the form of money;" and as the Secretary was of the opinion that, for the Government to assume the task of permanently furnishing the country with a circulating medium, "would convert the Treasury into a Government Bank with all its hazards and mischiefs," he devised a plan which he hoped would answer the treble purpose of keeping the Government in funds and the people in currency, and of rendering unnecessary the further issue of the perilous legal-tenders. "The central idea of the proposed measure," he remarked, "is the establishment of one sound, uniform circulation, of equal value throughout the country, upon the foundation of national credit combined with private capital."

How well the plan would have wrought, had it been carried out in the spirit in which it was conceived, it is not essential to inquire. The result showed that the principle of evil embodied in the legal-tender provision, which the Secretary had set loose, as he thought but a little way, and which he vainly imagined he should be able, at will, to catch and control, proved, under the force of circumstances, too potent to be restrained. Emergencies arose more pressing than that to which it first owed its liberty. The demands of a war, whose magnitude had not been foreseen, exceeded the most liberal estimates, and came upon the Secretary before he was able to put in operation his favorite plan of supply through the agency of the National Banks. Congress, having once embarked, found it easier to authorize additional issues of paper money than to elaborate and put in force systems of taxation. Members were afraid to vote taxes in view of their effect upon the constituent bodies. The ease with which money was manufactured by the machinery of the Treasury, caused profusion in the expenditure; and profusion in the expenditure

occasioned fresh resorts to the machinery, until, within a period exceedingly brief, the legal-tender had overslaughed and dominated every other element of the original plan; the principle of evil, free of all control, presided over the Treasury Department, and finance in the United States came to consist in the continual emission of paper money, and the continual finding of occasions for its emission.

It is not to be believed that this process was viewed without apprehension by those who stood in high official relations to the Treasury, and felt that, whether to blame or not, they would be holden, in a measure, to account for its consequences. On the contrary, there is abundant reason to know that they were not without strong feelings of dread, in view of the catastrophe which the country was approaching, under the combined effects of unlimited issues and lavish expenditure. The fatal, false principle was poison in every cup, and a skeleton in every apartment. From the condition of servant, it had changed to that of master. It dictated the policy; and the financial officers of the Government, so far from being free to choose such plans as they deemed expedient, were but servants under its command, and ministers bound to obey its inexorable decrees. So it has, to this day, remained; the real master of the situation, subordinating alike the financial economy of the Government, the industrial economy of the people, and the will of the heads of the Treasury Department to its own movements and exigencies.

Congress was, at the first, even less inclined than the Secretary of the Treasury to enter upon so questionable an experiment as the issue of paper promises, endowed with the legal attributes of money. A large number, upon both sides, were unprepared to embark in an enterprise so perilous, and which some of them did not hesitate to pronounce essentially revolutionary. A motion to strike the tender clause from the bill, of February 25th, received a considerable number of votes; and it was not until the Secretary had induced the Chamber of Commerce of New York, and other similar bodies elsewhere, to pass resolutions indorsing that feature, and urging immediate action on the bill, that the reluctance of the opposition was overcome. It is evident, that neither the majority of Congress nor the Secretary of the Treasury looked upon the act as constitutional. The President, in his message to Congress of the preceding July, had sounded the key-note of the argument by which all future violations of the Constitution were to be justified. "It is better," he said, "to assume powers, the exercise of which shall violate a portion of the Constitution, rather than allow the whole to be destroyed." The subject was debated at length in both Houses of Congress; the friends of the measure being divided as to the grounds of its justification; one part affirming it to be unconstitutional, but sanctioned by the extreme peril in which the country was placed; the other claiming it to be constitutional in the light of the new interpretations which the peril had necessitated. The difference was, in fact, only between two modes of stating the same proposition, but it afforded room for a variety in the argument, which otherwise might not have existed. In the Senate, Mr. Fessenden laid down the rule of legislative conduct, as he understood it,

in the following terms: "The ground upon which this clause, making these notes a legal tender, is put, I have already stated. It is put upon the ground of absolute, overwhelming necessity; that the Government has now arrived at that point when it must have funds, and those funds are not to be obtained from ordinary sources, or from any of the expedients to which we have heretofore had recourse, and therefore this new, anomalous, and remarkable provision must be resorted to in order to enable the Government to pay off the debt that it now owes, and afford circulation which will be available for other purposes."

There were some who imagined the authority to pass legal-tender laws as incident to various other powers granted to Congress—as the power to coin money and regulate its value, the power to create an army and a navy, and power to regulate commerce with foreign nations and with the Indian tribes—and some discovered it in the fact that the passage of legal-tender laws was not prohibited, upon the newly-discovered principle that the Constitution must be taken as authorizing whatever it did not forbid.

The arguments of the opposition were appeals to the Constitution, the nature and essential powers of the Government of the United States, and of governments in general, the rules of common right, and the maxims which before have been holden binding upon legislative discretion. Mr. Morrell said: "The subject of issuing one hundred and fifty millions of dollars in paper currency, and making it a legal tender by the Government at a single bound—the precursor, as I fear, of a prolific brood of promises, no one of which is to be redeemed in the constitutional standard of the country—could not but arrest my attention; and having strong convictions of the impolicy of this measure, I should feel that I had utterly failed to discharge my duty if I did not attempt to find a stronger prop for my country to lean on than this bill—a measure not blessed by one sound precedent and damned by all."

Mr. Pendleton, who spoke at length, and very ably, in opposition to the measure, said: "The feature of this bill which first strikes every thinking man, even in these days of novelties, is the proposition that these notes shall be made a legal tender in discharge of all pecuniary obligations, as well those which have accrued in virtue of contracts already made as those which are yet to accrue in pursuance of contracts which shall hereafter be made. Do gentlemen appreciate the full import and meaning of that clause? Do they realize the full extent to which it will carry them? Every contract for the payment of money is, in legal contemplation, a contract for the payment of gold and silver coin. That is the measure of the obligation of the one party and of the right of the other.

"The provisions of this bill contemplate impairing the obligation of every contract of that kind, and disturbing the basis upon which every judgment, and decree, and verdict has been entered. It proposes to say to a party who has entered into a contract, 'You shall be discharged from the obligations of that contract by doing something else than that which you have agreed to do.' It proposes to say to every party with

whom a contract has been made, 'Though you are entitled to demand one thing, you shall, perforce, remain satisfied with the doing of another.' It proposes to say, 'Although you have agreed to pay gold and silver, you shall be discharged upon the payment of these notes; although you are entitled to demand gold and silver, you shall rest content with the reception of this paper.' It proposes, in one word, to release the one party from the obligation of his contract, and to divest the other party of the right which has been vested in him by his contract. Sir, I am sure I need only state the proposition to shock the mind of the legal profession of the country, so thoroughly has it been imbued with the idea of the sanctity of the obligation of contracts by those who have taught it the beneficent maxims of constitutional law."

This is the period at which the phrase "The war power of the Constitution" was invented, and this is one of the purposes for which it was devised. Under the name of War Power, it was insisted that Congress, on the breaking out of a war, became endowed with authority to rise above the supreme law of the land, disregard its provisions, and do whatever its majority should deem expedient. It is not necessary to frame arguments against a proposition, in favor of which nothing that can be fairly called an argument was ever presented, and which, at this day, has so few defenders. If, on undertaking a war, Congress has the right to imagine and assume fresh powers at its discretion, who can say that it has not the same right in respect to any other enterprise in which it may embark? There may be as many kinds of interpretation as there are enterprises: all that is needed to authorize a new one being to create or to declare a new emergency. If a thing so preposterous and revolutionary as the war power can be admitted to have had an existence, it ceased with the exigency that called it into being, and with it necessarily fell whatever it had unconstitutionally established. If the legal-tender law acquired any validity under the war power, it parted with it again when the war power expired. Whatever springs up under usurpation, dies when usurpation is discontinued. The law now stands only upon sufferance; only because it has thus far escaped being subjected to that supreme judicial test by which, ultimately, all legal values are determined. How it has contrived to escape this test, is a question which it will become the duty of the future political historian to investigate. That it has not been done without some cost, and some denial or delay of justice, is more than probable. That, when the decision can no longer be avoided, the decree will be against the constitutionality of the law, is hardly to be doubted.

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#### THE TENDER LAWS—SUBJECT CONTINUED.

The Constitution of the United States (Art. I, Sec. 10) provides that "No State shall enter into any treaty, alliance, or convention; grant letters of marque and reprisal; coin money; emit bills of credit; make any thing but gold and silver a tender in payment of debts; pass any bill of

attainder, *ex post facto* law, or law impairing the obligation of contracts; or grant any title of nobility." A reference to cotemporary history indicates what was meant by the framers of the Constitution by the phrase "bills of credit," which the States were forbidden to emit. "To emit bills of credit," says Chief Justice Marshall, in the case of Craig and others *vs.* the State of Missouri (4 Peters, 431), "conveys to the mind the idea of issuing paper intended to circulate through the community for its ordinary purposes as money, which paper is redeemable at a future day. This is the sense in which the terms have always been understood."

It will be seen by reference to the constitutional clause quoted above, that it prohibits the exercise on the part of the States of two classes of powers. It forbids them to do, 1. Things which are wrong in themselves, as being essentially unjust or as being inconsistent with the genius of the Government which the Constitution was designed to establish; as to emit bills of credit; make any thing but gold and silver a tender in the payment of debts; to pass any bill of attainder or *ex post facto* law, or law impairing the obligation of contracts, and to grant any title of nobility; and 2. Things not wrong in themselves, but which to do would be in derogation of the powers granted to the General Government; as to enter into treaties, alliances, or conventions; to grant letters of marque and reprisal, and to coin money.

It is not to be believed that the framers of the Constitution provided to forbid the use of the powers enumerated under the first head by the States, in order to leave them in the hands of the General Government as a monopoly. To do the acts described was prohibited to the States, because they were contrary to common right—assumptions of a power which no government could justly exercise, and which no legislative body could safely possess. There was not, it may be presumed, a single member of the convention who was not convinced that whatever laws might be enacted to make any thing but gold and silver a tender in the payment of debts, to inflict a penalty upon the heir for the crime of his ancestor, or to impair the obligation of contracts, would be void for their intrinsic injustice; and, in respect to bills of credit, the recent experience of the country had been such that the abstract opinion of their inequity stood confirmed by facts which, as is shown by the debates upon the subject, the members were not inclined to forget. During and subsequent to the revolution, the country had realized the full effects of a redundant and inconvertible paper currency, both in its stimulating and its prostrating stages, and the memory of the latter was too fresh in the minds of both rulers and people to leave any desire for a repetition of the disastrous experiment.

It does not appear that the legitimacy of the constitutional provision under consideration was ever disputed; and yet the question of its legitimacy depends upon the question whether the authority to emit bills of credit, make any thing but gold and silver a tender in payment of debts, and pass laws impairing the obligation of contracts, are essential powers of government. If they are, the prohibition was wrong; the States are not bound by it, and have a right to appeal for their release to those par-

amount principles to which, in the last analysis, all laws and constitutions are subordinate. If, on the other hand, the prohibition was right—if the authority to do these things is not an essential power of Government—then Congress is as much bound by the principle as the States, and every exercise on its part, of the illegitimate authority, is an usurpation. Neither the framers of the Constitution nor the Constitution itself, nor the people of the States by whom it was adopted have, nor can acquire the right to take from Government that which properly belongs to it; for human government is not a thing of caprice nor of arbitrary discretion, but an agency established for a particular purpose, and entitled, so long as it continues, to all the incidental powers needful to carry that purpose into effect. If, therefore, it can be made to appear that the authority to emit bills of credit, make any thing but gold and silver a tender in payment of debts, or pass laws impairing the obligation of contracts, is an essential power of government, needful to carry the purpose for which governments are established into effect, then such power is inherent both in the State and the general governments, as a part of the sovereignty which they are constituted to reflect. Not only so, but they have the right to use and exercise it at all times, with no rule of conduct but their own unrestrained discretion—to enact at will, or to repeal, without regard to the effects which either may produce upon the interests of the people, whose entire industrial economy they might at any time dislocate and confuse.

Laws of Congress providing for the emission of paper endowed with the legal attributes of money are in derogation of three distinct organic maxims of government: That which forbids to emit bills of credit; that which forbids to make any thing but gold and silver a tender in payment of debts; and that which forbids the passage of laws impairing the obligation of contracts. Either of these grounds would be sufficient, were the matter brought before the supreme judicial tribunal of the country, to render it obligatory upon that branch of the government to declare them wrong and unconstitutional. Such has been the experience of the people in regard to the direct effects of such laws upon their interests that it is not necessary to enlarge upon them in this connection. There is, however, an indirect effect which has not attracted the attention it deserves, and which relates to the effects of their repeal. The power to repeal is as absolute as the power to enact. Congress may, at any time, repeal its constitutional acts, and it is its bounden duty, whenever they are seen to be so, to repeal its unconstitutional ones. Tender laws produce such extreme and continual disturbance in all the provinces of business, that, aside from the question of their constitutionality, they can never be otherwise than transitory. The economical tendency will be downward so long as they are in force; and this fact will, sooner or later, in spite of its immediate disadvantages, compel their repeal. The repeal is a repetition of the disturbing process through a reversal of the machinery. The car which moved forward prostrating all that lay in its way, now moves backward to the same destructive effect. The obligation of every existing contract is impaired. That which was money yesterday has ceased to be money to-day. It is as if the whole community had been struck with

paralysis at once. Confidence is gone, and consternation has taken its place. The earnings of years have melted away as if touched by the wand of a malign enchanter, and men are brought to feel how helpless they are under the accumulated force of circumstances which have escaped their control.

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It is a proposition which, in the abstract, few will incline to dispute, that whenever a system of public policy has been adopted which, besides being unhappy in its effects, is in principle unjust, the only proper course is to abandon it, not only that further mischief may be escaped, but that the people may enjoy the benefit of that right which the wrong has displaced. The true course for the Secretary of the Treasury to have recommended, and for Congress to pursue, would be to repeal the tender laws at once. The plan which the former has adopted to get rid of their operation—that of funding the public debt in time-bonds, payable, principal and interest, in gold—is unjust in its operation, and costly in the extreme; and, although it may be formally carried into effect, its consequences will practically defeat the end sought to be attained. It needs but little sagacity to understand that the country is breaking down financially under the pressure of a debt which no form of policy can so lighten as to render it tolerable, and which the policy in question is daily making heavier; so that it may safely be predicted that, by the time a state of specie payment shall have been reached, the ability to pay specie will be at an end. Wisdom would dictate to every financial officer clothed with large powers and invested with corresponding responsibilities, to accept the condition, so far as it is inevitable. In order to render the plan he has adopted palatable to the people, the Secretary is compelled to hold out hopes which he must be aware can not be realized; and the continual recession of the period fixed for its consummation is evidence that with every advance there is a corresponding increase in the obstacles it is compelled to encounter. It has been tried long enough to render this demonstrable; and a further persistence in it must be in the face of the most instructive experiences.

Aside from their palpable ill effects, there is an unanswerable argument in favor of the repeal of the tender clauses. They are unjust, inequitable, opposed to every sound political and financial principle, and are the product of a wrongful usurpation of power. This the Secretary admits. He confesses that they are not only false in principle, but that they have been invariably mischievous in their operation. In his last report he affirms that they have added many hundred millions to the debt; and it is no less matter of easy demonstration that, under the policy which he feels constrained to pursue on their account, many hundred millions more are being added. The plea of public necessity put forth in their favor, he confesses, was unfounded; and yet he has but a plea of public necessity, equally unfounded, to offer as a reason for their continuance. Strange that in the light of all his experience, he has not learned, to a practical

purpose, that every departure from correct principles, and every neglect to return to them when they have been departed from, can be productive only of evil.

It is not difficult to perceive, although the Secretary of the Treasury may not be conscious of the fact, that the vision of the officer is somewhat deflected by the feelings of the politician. Official pride may also be not without its effect in hindering the conclusions to which the man would otherwise arrive. The repeal of the tender clauses would, perhaps, produce so rapid a development of the seeds of disaster with which the body politic is so dangerously charged as to prostrate his party; and it is, doubtless, in his esteem, no desirable thing to stand sponsor for such a catastrophe. Politicians are wont to associate the welfare of the State with the continuance of their party in power; whereas it is not in the rule of a particular party, but in that of correct principles, that the fate of the country and the interests of the people are involved. Under the prevalence of false doctrines, power in the hands of any party is fraught with danger; under that of true ones, no party can seriously imperil the State. The question which party shall do the work of government is always one of minor interest; the question by what principles the party which does the work shall be directed, is one of paramount importance.

It will be said that a repeal of the tender clauses would have the effect to produce sudden depreciation in the circulating medium, with all the unhappy consequences of such depreciation. With certain financial calamity lying directly in the path we are traveling, it may not be unwise to contemplate it even in that aspect. Unfortunately all that our condition admits is a choice between the modes by which we are to reach that bottom, which, sooner or later, it is our destiny to explore. Nor is the privilege of choice, which still remains, unimportant. We may reduce to a minimum the incidental distress by taking the right, and raise it to a maximum by taking the wrong direction. The repeal of the tender clauses would, at once, reinstate the natural laws of economy in their normal operation, which is always wholesome and restorative; while, by leaving the clauses in force, we shall remain at war with those natural laws which, when violated, never fail to inflict an appropriate penalty.

However reluctant the present Secretary of the Treasury may be to recommend the repeal of the tender laws, he has left the public in no condition to doubt his opinions in respect to their unwisdom or their injustice. "The financial evils," he says in his last annual report, "under which the country has been suffering for some years past, to say nothing of the dangers which loom up in the future, are, in a great degree, to be traced to the direct issue, by the Government, of an inconvertible currency, with the legal attributes of money." He admits that the measure was indefensible in principle, and refers to the first debates of Congress for proof that they who first advocated their issue justified themselves by the plea of necessity. "Had they not been made a legal tender," he remarks, "the amount in circulation would not have been excessive, and the national debt would doubtless have been hundreds of millions of dollars less than it is." He laments the lavish expenditures which they



occasioned, and adds, "Had the specie standard been maintained, and bonds been sold at a discount for real money, there would have been an economy in all branches of the public service, which unfortunately was not witnessed, and the country would have escaped the evils resulting from a disregard of the great international law which no nation can violate with impunity—the one which makes gold and silver the only measure of value."

Unwilling to call upon Congress to repeal the tender clauses, or perhaps conscious that such a request would be unavailing, the only alternative policy which seemed practicable was the funding process, by means of which the tender currency is to be taken up and replaced by bonds to an equal amount, bearing interest. This mode, like all those that are indirect, is expensive. It adds not less than twenty-five per cent. to the debt proper, and greatly increases the burden of taxation by reducing the volume of the circulating currency. In the meantime it renders necessary the continuance of the practice of interfering directly in the operations of the money market, and keeping up a continual war against the natural forces which are striving to reach a state of permanent financial equilibrium. The Secretary of the Treasury and his predecessor have felt themselves compelled to keep in the money market with gold to sell at a loss to the Government, in order to prevent the panic which would ensue on any sudden change of the relative prices of paper and metal—virtually feeding speculators out of the treasury in order to stay their operations in the opposite direction—and which he is afraid would be followed by an uncontrollable depreciation. How many millions of dollars this practice has cost the people can only be conjectured; but the amount—not by any means a small one—is one of the lesser penalties which are paid for false financial practices.

The tender notes in circulation represent so much of value which the country has lost. Admit that the repeal of the tender clauses would produce such a depreciation in the market value of the currency as to remove it altogether from the channels of trade, the result would be but the canceling of the evidences of a loss which has already accrued. It can not, in any sense of the term, constitute public wealth, and as an element of private wealth it is to the last degree precarious. The monopoly it enjoys by the force of a law which says, in effect, to the people, take this or nothing, prohibits the introduction of any other; for there is nothing which, for the time it continues, takes so absolute possession of the financial field as a depreciated and inconvertible currency. Still there is reason to suspect that, without the special intervention of the Secretary of the Treasury, this fictitious money would descend so low that it would soon cease to be voluntarily accepted; in which case—the tender quality still remaining unimpaired—the condition of utter financial anarchy which it would establish can be easier imagined than described.

The result of a continuance of the present policy, will be equivalent to that of the sudden extinguishment of the paper currency. Incidentally, it will be worse. The alternative—the finality being substantially the

same in both cases—is between a slow, discouraging malady, painfully exhausting the vital energies, and a rapid but transitory convulsion. That, either slowly or swiftly, we are fated to come down very low—to the natural operation of the simplest principles and the fewest elements—is a law so indelibly engraved upon our condition, that no policy ever invented by men, or ever to be invented, will do aught toward its repeal. The facts of the condition are such as laugh to scorn all expedients. We stand in that most awkward of dilemmas, where it is almost equally perilous to go backward, stand still, or go forward; and there is not one of the financial schemes now pressed upon the public by their authors, which the friends of every other can not show to be either futile or dangerous.

It is always safe to do right. It is always dangerous to do wrong. The adoption of a policy false in principle, may ever be relied upon to produce evil, although all the evils of which it is susceptible can not be foreseen. The adoption of a policy, true in principle, may always be relied upon to result in good, although the way in which it will operate may not be always apparent. Although the immediate effect of the repeal of the legal-tender clauses would seem to be unqualifiedly disastrous, yet there is that in the operation of correct principles which goes far to mitigate the temporary sufferings which a return to them may occasion; besides which, it should be borne in mind, there can be no safety nor mitigation until the return is accomplished.

That there is neither safety in the present financial condition, nor security that the policy now being pursued can be prosecuted until the end it has in view is attained, is evident from another fact of no little significance, and which, it would seem, is not without its influence upon the Secretary of the Treasury. The legal-tender clauses, owing their origin to an illegal exercise of power by Congress, are liable to be annulled at any time, whenever a question involving their validity shall arise in the Supreme Court of the United States. Admitting the power of Congress to decree the issue of treasury notes for circulation, it does not follow that it has the power to confer upon such notes the legal attributes of money; and when this question shall come before the highest tribunal of the land—as come it may at any, and come it must, at some time—there is little reason to doubt what will be the character of the decision. It is incredible that a court of so much learning, and acting under such high responsibilities, whose decisions with the reason therefor, are subjected to a criticism so searching and so enduring, will dare, even if it were so disposed, to sanction an act of usurpation which the chief financial officer of the Government, impelled by a sense of official obligation, does not hesitate to pronounce illegal—alike indefensible in principle and unhappy in its effects.

When the question comes up in the Supreme Court—if that court performs the duty it owes to the people and to the Constitution—no considerations of expediency will be permitted to enter in to dictate the conclusions to which it will arrive. The decision will be rendered upon the basis of immutable principles of right—principles not only just in them-

selves, but sanctioned by experience, made authoritative by precedent, approved by the opinions of statesmen and political philosophers, and even admitted to be sound by those to whom the law owes its existence. What it will be, in effect, it is idle to entertain a doubt; for the question incidentally involves a higher one: Is a republican government practicable with a people whose legislature exercises the power, not only to issue promises to pay, for circulation, without limit, but to confer upon those promises the legal attributes of money? In other words, can any thing worthy the name of popular government continue, where, as between the State and the people, the right of the former to raise loans by compulsion is admitted, and where, in the walks of private business, men are required to receive, in exchange for commodities of intrinsic worth, things whose price continually fluctuates, and whose value is entirely arbitrary?

Still, it would be safer to repeal the legal-tender clauses than to permit them to stand and be annulled by the action of the court. The former would leave things as they are, and would open no questions to disturb transactions that are past; the latter would be retroactive in its effects, and in thousands of cases, men who have been compelled, contrary to their will, to receive the issues of the Government in payment of dues, would be permitted to go back and force the reluctant debtor to a fresh adjustment, which would fill the country with litigation and produce disturbances which could not be otherwise than extensively disastrous. That great efforts have been made to prevent this question from coming before the Supreme Court, is unquestionable; but all such efforts are illegitimate, and the time approaches when they will be unavailing. The Court will be constrained to entertain the issue and act upon it; and the fact that it has not done so already, is pregnantly suggestive of the conclusions to which it would be likely to arrive.

## THE TWO FINANCIAL POLICIES.

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THE people of the United States, as they are represented by the organs of public sentiment—party journals and politicians—are divided in opinion between two plans for the disposition of the public debt and the establishment of a fixed financial condition, which—although each has its different forms and special phases—may be described in general terms as follows: One plan proposes to redeem the legal-tender notes with bonds; the other to redeem the bonds with legal-tender notes. One would continue the process of funding the debt in the form of obligations, payable in gold at some period in the future; the other would disperse it in that of circulating paper, payable nominally on demand. Starting from the same point, and professedly having the same end in view, the two plans, it will be perceived, move in directions exactly opposite. The one suggested by a sense of the evils incident to an inconvertible currency, endowed with the legal attributes of money, proposes a resort to specie payments without regard to the intermediate sacrifices inseparable from such a process, or the resulting disadvantages; the other, dictated by a dread of the distress which its rival would occasion, abandons the idea of specie payment as impracticable, and exhorts to risk the ultimate dangers which will flow from a large emission of inconvertible paper, in view of the present relief which it is assumed such an emission will insure.

Each of these plans is plausible in the light of half the facts. Forget that the people are already in distress from the incessant demands of the Government for the means to meet its obligations, and the funding process seems all that can be desired. Forget the financial anarchy into which the country is plunged by the monopolizing presence of a depreciated and inconvertible circulating medium, and the legal-tender scheme presents some attractive aspects. The truth is, that in view of all the circumstances, neither one has much to recommend it beyond the dangers which would be entailed by the other. The end to be secured being to place the country in a condition of even comparative ease, both alike are delusive. No good—nothing but a constant increase of the heart-rending pressure which now exists will follow a continuance of the one which is on trial; nothing but an inextricable confusion of rights and

values will ensue from the adoption of that which is set up as its antagonist. It is not necessary to examine at length the merits of either as a plan for the payment for the debt, for they do not contemplate its payment. The one proposes to give the debt the form of a perpetual yoke upon the necks of the people; the other that of a perpetual quicksand beneath their feet. By the one they will be crushed, and by the other devoured. Both are empirical remedies, prescribed by such as, turning away from the elements and thinking only of the incidents, but inadequately conceive the situation, and are ignorant of the irrepealable validity of those natural laws whose force they vainly aspire to control.

It is the part of wisdom, in the regulation of human affairs, to learn what are the real facts of the situation, and to accept them as the basis of the policy to be pursued. The history of the world is a relation of the penalties which men have paid for the crime of moral cowardice. The countenance of the inevitable may not be inviting to the beholder, but it is a law of nature and of God, that they who, with sinking hearts, turn away when it unveils, are self-condemned, to be crushed beneath its wheels.

If there were no reasons based upon principle for the non-payment of the public debt, still its non-payment, for two reasons, would be necessitated: 1. It is too large to be paid; and, 2. It is too large to be managed. The payment is impossible for the want of means that are adequate; and the management is attended with difficulties that are equivalent to another impossibility. So large a debt, with all its direct pressure upon the people, and its incidental disturbance of their financial economy, would, even if the means for its ultimate payment could be depended upon, require a despotic government for their control. The fact that the debt of the United States is too large to be paid, will enter as a destructive element into every policy invented for its direction, rendering it unsatisfactory to the people, and transitory in its duration. The party into whose hands the management may fall will be compelled to give the people continual assurances of relief which can not be realized, and to invent perpetual excuses for its failures which will be untrue. The party which, coming into power, inherits the debt, will inherit speedy defeat; for the people, unskilled in the mysteries of finance, will judge of the policy in the light of sufferings which no policy can mitigate or relieve. The fact that, under a popular government, changes of policy under great pressures are inevitable, is in itself a reason why great pressures should never be created.

These are things which the people would know if they would only open their minds to the testimony of their own interior consciousness. Nothing but the infatuation which moral fear produces would constrain them to turn away their thoughts from the facts that press upon them on all sides, and vainly debate among themselves of policies which—as if such a thing were possible—would facilitate the fiscal operations of the Government, and give relief to the people. The two things, as they would do well to learn, are incompatible. If the fiscal operations of the Government are facilitated, it is at the expense of the people; if the people are relieved, it is to the disturbance of the fiscal operations of the Gov-

ernment. Debt, with its coincident taxation, and legal-tender notes, have established a financial copartnership between the Government and the people to their mutual disadvantage; a species of society which never exists upon any other terms than those of common ill-offices. The well-being of both demands that this ominous copartnership shall be dissolved; and the only policy which will afford reasonable hope of relief to either is that which starts with a decree of dissolution, and gives freedom to each by severing the knot which, so long as it remains, consigns both to the pains of an unavailing servitude.

## THE GREENBACK PLAN.

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A PROPOSAL to pay, as it is called, the bonded debt of the United States in tender currency has been started within a few months, and has attracted some attention. Several prominent politicians, of both parties, have given it their countenance, and it is said to be winning favor with the people. That the people who, in general, look upon finance as a mystery, should be willing, at a time of unusual adversity, to embrace any plan in whose name even temporary relief is promised, is not surprising; but that the one in question should have gained the assent and active support of gentlemen of business or even of political experience, prominent party leaders, aspirants for office, public journals claiming popular patronage on the ground of the ability or the integrity with which they are conducted, is one of the more remarkable of the phenomena of the times.

The plan gains currency with several classes of persons, as *first*, with such as are so ignorant of the principles of economy as really to believe that, by some mysterious process or other, the pretended will be a real payment; *second*, with such as conjecture that so large an emission of inconvertible paper as will be required will produce a depreciation in its price, so great as to overcome the force of the law of its creation—that the notes will cease to circulate, and that the debt will be canceled by the practical extinguishment of its evidences; *third*, with such as, foreseeing the depreciation, are preparing to take timely advantage of it by making purchases of real and other property on time, in the hope, under the operation of the tender clauses, to compel their creditors to accept at its face paper acquired at prices merely nominal; *fourth*, with such as, regardless of the financial consequences of the plan, look upon it as fruitful in the elements of political agitation, which, with proper management, may be turned to a party purpose.

Men live so much in the present and so little in the past or the future—they are so accustomed to bring all questions that arise to the standard of temporary expediency—that references to historical events, or predictions of calamities the elements of which are active in their condition, or even appeals to the plainest principles, have little effect in

delaying the conclusions to which they have resolved to arrive. There are those, strange as it may appear, who, with a general knowledge of the financial situation, actually believe, or, at least, strongly profess to believe, that the laws of nature, once operative in human affairs, have been overruled—that we have entered upon a new order of things, one of the features of which is that we are able to dispense with all fixed standards of value; that the idea of an economical equilibrium, sustained by the regulating presence of gold and silver, is obsolete; that speculation, not trade, is the normal condition of mercantile society; that the Government, by the simple emission of paper promises, can create capital at will; and that it is one of its functions to create all the capital that the people require.

One would suppose that there is enough on all sides of every man—at least of every business man—in the United States to negative every one of these positions. The events of the last seven years have not had the effect to repeal a single law of nature, or for a moment to suspend its operation. The laws of nature are never annulled or postponed. They are every-where present, to assist when they are observed, and to punish when they are disobeyed. Gold is just as potent, and, to the unprejudiced eye, just as palpable, in the regulation of mercantile values now as it was when it entered freely into the circulation. The attempt of the Government, by the emission of paper promises, and its efforts, by selling gold at a discount, to prevent those promises from depreciating, is the cause to which the numerous failures now taking place throughout the country are distinctly traceable; and all the attempts that have been made to demonetize the precious metals, and to overthrow the equilibrium it is their function to establish and preserve, have been made at a ruinous outlay, and have entailed still more ruinous consequences.

In respect to the plan proposed, the first and most palpable objection is that the process it contemplates is not payment. It is simply the taking up of one form of promise to pay, and the substituting of another, which, from the nature of its conditions, is of inferior value. To call such a proceeding payment, is an abuse of terms, and to try to think it to be so, is an abuse of the understanding. There is but one mode in which debts can be paid—by passing over to the creditor a sum equal to that represented by the obligation he holds, in something whose value is intrinsic and ascertained—gold and silver, or that which he consents to accept as its equivalent. Besides, payment is a voluntary adjustment between the debtor and the creditor upon the basis fixed in the contract. The debtor can not pay the creditor at a time nor by a mode different from that which is stipulated. Any change in either of these respects, to which the creditor is not a party consenting, takes from the act the character of payment, and leaves the obligation in the same state as before.

One of the arguments offered in support of the plan is, that it will stop the interest on the public debt. This is true. The act will be a virtual declaration that no more interest is to be paid. But what right has a Government, which admits the sacredness of its debts, to stop payment on



the interest? The interest is as much a part of the debt as the principal. Interest is that which the debtor pays for permission to withhold the principal, and is as essential a part of the contract as the promise to pay the sum withheld. To take up interest-bearing bonds and replace them with non-interest-bearing notes, would be subtracting at least forty per cent. from the value of the contract. To that extent it would be repudiation. Two-fifths of the debt would be extinguished without a dollar paid. It would be doing that, which to do, the public men of the United States are continually affirming would be an act of the most infamous description; and against which they are periodically pledging the property of the people and the faith of the Government, in phrases most choice and elaborate.

If the debt is to be repudiated, surely the braver course would be to repudiate it directly. Nothing is gained by indirection, which is equivalent to a confession of latent dishonesty. If a portion of the debt is to be repudiated, where is the principle by which it may be justified, and which, at the same time, forbids the repudiation of the remainder? The rule once admitted, nothing but moral cowardice can interpose an obstacle to its full application. The question is either one of right and wrong, or one of expediency and in expediency. If it is the former, what authority is there for stopping the interest; if the latter, what objection is there to stopping the principal? Besides, if two-fifths of the debt were at once extinguished, the country would not be relieved of its difficulties, nor the people emancipated from the servitude of a crushing taxation. If it is a question of relief, therefore, why stop short of full relief? Why make two jobs of a thing which can just as easily be finished at one?

It is a very senseless fallacy, set up by a few, that the Government has, under its contract, the right to replace its bonded debt with the tender currency. The notion starts from the fact that the bonds, or a portion of them, do not stipulate for payment in gold; from which it is argued that it was the understanding that they were to be paid in paper. This is officially negated by the Secretary of the Treasury, in his last report, who certainly ought to know what was understood; but this was not needed. A promise to pay, unless otherwise specifically conditioned, is always a promise to pay in money; and money is gold and silver coin. A promise by a given party to pay the sum promised by another promise, would constitute a very peculiar species of obligation. This idea gains currency only with those who, either through ignorance or through design, overlook the fact that the promises of the Government are not money; who believe or try to believe that, by means of stamping and statutes, the Government can endow a piece of worthless paper with the element of intrinsic value. There are those who, if it suited their purposes, would contend that the sun does not shine, or that two and two do not make four; but with such, whether their errors proceed from obstinacy or from imbecility, it is useless to dispute.

Another argument of the favorers of the measure, is from the inequality of things as they are. The Government, it is said, provides one currency for the public creditor and another for the people; it strips the country

of its gold to pay the former, and compels the latter to do business with a circulating medium of depreciated paper. The argument is from one act of injustice to another. Because the Government does wrong to one party, therefore it should make compensation by doing wrong to another party. The argument from one act of iniquity to another is hardly valid, and it is not easy to see how, simply by placing the public creditors on the same low level with themselves, the people are to be benefited. The law which compels the people to receive the depreciated paper of the Treasury in payment of private dues, may be very unjust; but it does not follow that a policy which required the bond-holder to accept the same paper in discharge of his bonds would be less so on that account. The argument, like most that are offered in support of unsound positions, admits upon one side what it disputes upon the other. It is an essential quality of money that it can not depreciate. Other things may rise and fall in their relation to money; but money neither rises nor falls; it is the standard by which the movements upward or downward of other things are measured. The argument in question both affirms and denies that the paper of the Treasury is money. It claims upon one side, that the currency has not depreciated, and that, whatever may be the amount issued, it can not depreciate; and upon the other, that it has depreciated, and that the principal object of the plan proposed is, to equalize the loss which has taken place under the depreciation.

In support of the general equity of the plan, the argument includes two distinct and mutually destructive predicates: 1. That the bonded debt is justly due, and must be paid; and, 2. That it is not justly due, and may be fairly evaded. All who, for a party purpose, seek to avail themselves of it, are compelled to take it with this disadvantage: that it can not be made plausible without the alternate employment of propositions that negative each other. When the bonds have been replaced with tender notes, the Government will not have parted with any thing, nor the creditor have received any thing. The value of the bonds depends upon the ability of the Government to redeem them in coin; and upon the same fact depends the value of the tender notes. The idea that the latter are not to be redeemed—that the act of payment is complete when the bonds are delivered up and the notes handed over—is equivalent to an assumption that the Government can pay its debts with promises; in other words, that it can pay them with that which is the best possible evidence of non-payment. On the other hand, the idea that the notes given in exchange for the bonds are to be redeemed, is equivalent to a confession that what is called payment is not so in reality, but is simply a deceptive substitution of one evidence of debt for another.

The promise holden out to the people to secure their support of the plan is, that it will make money plenty and infuse fresh life into the departments of business. There can be no wilder error. It is well known that artificial and very expensive means are continually being employed to keep the currency as it is from depreciation. Any large addition to that currency would operate to increase its tendency to depreciate so much as to speedily put it out of the power of the Government to keep it

under control. There is no reason to doubt—there is every reason to believe—that the depreciation would be in a higher ratio than the addition; in which case money, as it is called, would be practically scarcer, in the place of being more abundant. More would be required to purchase the same commodities, and, in proportion as more was required, confidence in its value would evaporate. It is not the scarcity of money which produces the present depression. In relation to demands for actual business, the currency is larger now than it has been at any former period. It is stated by the Special Commissioner of the Revenue, in his late report, that in consequence of the fall of prices—at least ten per cent. on the whole business of the country—the virtual increase of the currency, through an appreciation of its purchasing power, has not been less, during the last twelve months, than one hundred millions of dollars.

But the great objection to the plan, one which stamps it with the impress of folly and criminality, is that it proposes to sanction and perpetuate the great financial offense of the times. It is an indorsement and a virtual approval of one of the most flagrant and dangerous of all modern usurpations of legislative authority. Whether the political or the material well-being of the people is considered, there is no power with which government can be invested so replete with all the elements of peril as that which would give it the control of the circulating medium of the country; compelling, by the force of law, the people to receive as money that which it emits; and placing, in the hands of each party as it accedes to power, the means to make and unmake, enlarge and diminish, at will, that by which the exchangeable value of every article of human desire is fixed and regulated. In its party aspect, it is an effort to enlist the party aspiring to power in support of the most mischievous abuse of its position perpetrated by the party in power; to pick up an element of destruction which that party, frightened at the ravages it has already committed, is doing all it can without a public confession of its fault, to cast down; and to make that an established practice of the Government which, even they who were most in favor of it, confessed could only be excused as a temporary expedient, and that in a time of dire necessity.

This objection goes to the plan in all its phases and aspects; whether it is to be carried out—as some understand—by an immediate and compelled exchange of currency for all the bonds; or by—as others understand—the extinguishment of the latter as they fall due; thereby contemplating the monopolizing presence of the tender currency until the bonded debt shall have ceased to exist. And here it is proper to notice that the advocates of the plan include such as fall between two very wide and totally inconsistent extremes—from those who favor the immediate withdrawal of all the bonds, to those who, when called upon for an explanation, simply contend for the redemption of the bonds as they fall due in currency, in the meantime, having been so fortified as to be of equal market value with specie, and exchangeable therefor.

Considering the plan in the form in which it is most commonly presented to the popular mind: The bonds are to be exchanged for currency, with a view to the distribution of that currency among the peo-

ple—as the phrase is—“to make money plenty.” It is not supposed that the bond creditor will retain his tender notes as an investment; on the contrary, the plan presumes that he will not care to keep so unprofitable, and, at the same time, so doubtful an article, but will pass it off as rapidly as is convenient. Now, there is every reason to believe that, starting from the present state of the relation between quantity and market value, each increase of the one will be attended by a depreciation at an equal, if not at a higher ratio, in the other. If the depreciation is at the same ratio, the aggregate of the circulating medium, estimated by its value, will not be increased. Money, in other words, will be no more plentiful than before. If the depreciation is at a higher ratio, the circulating medium will be smaller in fact, though nominally larger—money will be less plentiful, and trade will not only be disturbed, but the relation of debtor and creditor will be affected, through changes in the value of that with which debts are paid. If the depreciation is very great, as may be apprehended, so that the prices of paper are merely nominal, still fastened upon the people by the tender law—to whose preservation both parties are virtually pledged—it can not go out of use. It will remain, to the exclusion of every other currency; while the loss from its depreciation will fall, not upon the bond-holder, who has parted with his interest, but upon the party least able to bear it—the people—for whose benefit, it is said, the scheme was invented.

The question still remains, how are the two thousand millions of paper dollars proposed, or any other sum less or greater, to be made to pass from the hands of the late bond-holders into those of the people? By what process of conjuration is this miracle to be accomplished? Men do not part even with an inconvertible currency for nothing. The people can only come into possession of it in return for property or for services. If they purchase it with their property—their lands, houses, or movables—they exchange articles of intrinsic value for such as have none; articles which may not, for those which certainly will depreciate. The ex-bond-holder will have made himself as secure as possible by turning his perishable notes into imperishable lands and tenements; but where the profit or the security of the other party is to come from is a question which stands unanswered and unanswerable. If he proposes to purchase it with services, where is the assurance that his services will be in demand? It is not the quantity of the circulating medium which creates a demand for labor. Eight years ago, with a circulating medium of two hundred and fifty millions, every hand in the United States which sought employment was employed; now, with a circulating medium more than three times as great, thousands are vainly seeking occupation upon any terms that will afford them bare subsistence. Is this an evil to be cured with more paper money? There is not a large holder of Treasury notes who is not in continual dread that they will suddenly depreciate upon his hands; and yet with all this fear he prefers to incur the risk rather than invest them in the production of articles upon a falling market and with a continually receding demand. Upon the emission of this vast amount of paper, the result—unless the holders could immediately

proceed to re-exchange their notes for bonds—would be inevitable. There would be an immediate rush upon the gold market. The price of gold would go up and the price of paper go down, in proportion as the demand for the former exceeded the supply; and all the depreciations of the past would be a trifle to that which would ensue.

A state of things in which a country is flooded with a currency worthless and dead, but so fixed by the law of its creation that it can not be removed—which men are compelled to receive, but which will purchase neither labor nor necessities, is a thing so utterly destructive to economical life, and so paralyzing to enterprise, that it alone would be enough to reduce the operatives of the country to poverty and starvation. It would be as if a decree had gone forth that the dead frogs of Egypt should not be interred, but should lie above ground to fright with their presence, revolt with their odor, and breed a pestilence with their emanations; and he who would wantonly bring such a plague upon the people, would deserve the worst offices which popular indignation could inflict.

But the utter folly of the plan, and the blindness, or worse, of its inventors, may perhaps be best shown by the following view of the legal situation:

The present financial system of the United States was established by the law of the 25th of February, 1862, entitled "An act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States." By this act provisions are made,

1. For the issue of Treasury notes, which are to be a legal tender for all debts, public and private, except duties on imports and interest upon bonds and notes—which it is expressly provided "shall be paid in coin"—and which are made exchangeable for United States six per cent. twenty-year bonds, payable at the pleasure of the United States after five years.

2. For the preparation of bonds by the Secretary of the Treasury, to be issued to those who shall deposit their tender notes with the Treasurer of the United States with a view to such exchange.

3. For the collection of duties on imports in coin, to the end: *First*, "to the payment in coin of the *interest* on the bonds and notes of the United States;" *second*, to the payment of the *principal*.

Under the provisions of this law, all the tender notes of the United States have been issued, as well as all the five-twenty bonds. The two assurances are parts of the same system; the bonds were created for the absorption of the notes; the notes either cite the provisions of the law in respect to exchangeability, or refer to the law itself; and this law, which is the law of the creation of bonds and notes alike, is that which determines the relations of the parties to the contract.

Such being the case, no sooner has the bond-holder exchanged his bond for tender notes, than he is entitled to deposit his notes with the Treasurer, present the certificate which he receives to the Secretary of the Treasury and accept therefor six per cent. five-twenty bonds, the interest of which is, by express stipulation, to be paid in coin, while the revenues of the country stand pledged to pay the principal in the same manner.

In short, the bond-holder will receive payment for his bonds in notes, and then receive payment for his notes in bonds. And this is the financial tetotum which the plan under consideration, and the law together, will provide for the people; amusing enough in its operation, perhaps, but how it is to be productive of any other relief, it is hard to comprehend.

Finally, the whole plan hangs upon an accident—the accident that the tender laws go unrepealed by Congress, and unannulled by a decision of the Supreme Court. That, if the matter should come before the court, even if the entire bench of judges were required to concur upon a question of the constitutionality of an act of Congress, the tender clause would be declared void is, in the highest degree, probable. That the present Congress will not go out of power without repealing it, may be calculated upon with certainty. It would be the best thing it could do, both in a public and in a party point of view. It is the thing toward which the Treasury policy is continually tending. It is that which the interests of the bond-holders, in and out of Congress, will imperiously demand. It is the severest blow which a party going out could strike at a party coming into power. It is the first revolutionary act of the times that would be in the right direction. The act would knock from beneath the feet of the Democratic party the grand plank of its platform, tear from it the capital upon which it proposes to agitate, and leave it nothing but the disgrace of having turned traitor to its principles, of having abandoned its oldest and most essential doctrines, and this at a time when such treason and abandonment was most dangerous and least excusable.

## THE SOCIAL CONSEQUENCE OF PUBLIC DEBTS.

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THE effect of all taxation is to take money out of the hands of one man, or one class or order of men, and to place it in the hands of another, without, in every case, the return of a substantial equivalent to those from whom it is taken. As the laborers of the country are those by whom the values of the country are produced, it follows that they are the creators of its wealth, and the representatives of that industrial force by which alone wealth is created. In proportion as the burden of taxation is increased, the means by which taxes are paid pass from the hands of the creators into those of others, to the disadvantage of the former. Hence it is that in all heavily-taxed countries, there is always a strong contrast between the condition of the poor and that of the rich; between the producing and the non-producing classes. The country may be esteemed rich and powerful; it may abound in wealth and luxury, and, to the superficial observer, may exhibit evidences of redundant prosperity. It may enchant with its culture and fascinate with its activity; but a closer view will discover that all this is obtained at the expense of terrible injustice and inextricable poverty to those by whom the wealth is created, and to whom the country owes the energy and power which makes it so respectable in the eyes of the world.

A government loaded with debt becomes simply the machine by which values are transferred from those by whom they are created to those by whom they are enjoyed. The heavier the burden of taxation, the more rapidly and effectually does it strip the former for the benefit of the latter. There is no form of taxation the weight of which does not eventually fall upon the laborer; and the more indirect the mode, the heavier the imposition; for taxes increase in weight in proportion to the distance between the party by whom they are paid and the party by whom they are levied. Under a government thus embarrassed, there will, whether recognized or not by the law, grow up a distinction between the class that labors and the class that enjoys, having all the practical force of a legalized division. The power which elevates the one will, to an equal degree, depress the other; and the ultimate establishment of fixed

upper and lower orders in the State is as certain as that there is an irrepealable natural law by which cause and effect are linked together. The state of things in England—the country that is looked to by so many as the model which we ought to imitate—was once described by the *London Times* in the following forcible phraseology: "Once a farm laborer, always a farm laborer; once a factory operative, always a factory operative." The laws of caste in India are not more inexorable to bind men to the condition in which they were born than the law of circumstances in England. He must be gifted with more than human energy who can rise out of the order in which he is placed by the accident of his birth; and although, by a few men of transcendent genius, this more than Herculean task has been accomplished, the smallness of the number of those who are thus fortunate shows the utter hopelessness of the state to which more than twenty millions of those who wear out their lives in the creation of that, no part of which they are permitted to enjoy, are condemned.

Nor is this all: between the British laborer and the British pauper, the line of division is scarcely perceptible. A slight accident, a transitory illness, the loss of a place, transforms the one into the other. A business revulsion performs the same service for multitudes. In sight of the teeming factory stands the almost equally teeming poor-house, where pauperism reproduces itself, where wretchedness begets wretchedness, and men and women are born to an inheritance of unspeakable degradation. A million of paupers, supported at an annual cost of five millions and a half of pounds—more than the yearly expenses of the Government of the United States prior to the year 1827—is one of the incidental items of the account which Great Britain pays for the privilege of preserving a bonded aristocracy, and, under a shallow pretense of national honor, crushing into the earth those to whom the nation owes its existence. It is not to be denied that Great Britain, like the United States, has an abundance of philanthropists and reformers, who bear high testimony to each other's virtues, and who take a very lively interest in the elevation and improvement of the perishing classes. Some of these labor in the educational, some in the moral, some in the ecclesiastical, and some in the political field; and great expectations are entertained, that either by enlightening the minds of the operatives, or by reforming their morals, or by touching their hearts, or by endowing them with political franchises, the change, which all admit to be a thing of vital importance, will be initiated. It is the most pitiful farce that ever was played since the foundation of the world. There is no imaginable machinery potent enough to elevate a people ground down by the millstone of taxation. The cause of the degradation of the "white slaves of England" is the public debt and the incidental outlays and extravagances which it encourages. This the reformers can not, because they will not, learn. The knowledge would call for sacrifices for which they are not morally prepared; nor is it probable that they will learn it until the information is forced upon them amid the throes of a revolution. But a large public debt supplies more direct means than this even for a



fixed division of the people. A bonded debt is, in itself, such a division. Admitting that a debt may be created, it follows that one of the terms of its existence must be that the value represented by its evidences is exempt from taxation. The wealthy, simply by investing their means in these evidences, become a distinct class in the state. It is an aristocracy, in fact, released from the obligation to contribute to the support of the government, with a distinct interest in the perpetuation of the debt, and with every inducement to grasp political power in order that such interest may acquire institutional protection. Such a force, once established, its elements impelled by a common sentiment, acting together and taking advantage of circumstances, gaining whenever it is possible, and never releasing their hold upon what they have gained, combining now with one party and now with another, and always securing a consideration for their services, will, in no long time, grow to an oligarchy, under whose encroachments the liberties of the people will wither, their rights become practically extinct, and themselves be delivered over to an enduring and hopeless servitude. There is one force in human society which never expires or intermits. That force is interest. An interest once established in a state—such as a large public debt does establish—adverse to an existing form of government, will, in the end, warp or revolutionize that form of government, and bring it into conformity with its exigencies.

If there were no other reasons why public debts should not be contracted, this would be more than sufficient. No free government can endure the influences they establish. They are, in themselves, the seeds of revolutions, all the more dangerous that they act insidiously. They constitute an element of peril so active and so persistent, that when, through the folly or the wickedness of rulers, they have been thrust upon the country, the people should lose no time in signifying their determination to cast them off, and to be released from the dangerous direct, and the still more dangerous indirect, thralldom which they impose. No time, for a purpose so vital, can be too early. No exertion can be too strenuous. No self-emancipation from the bondage of false ideas can be too complete. It is a matter in which the character of the government and the well-being of the people are alike involved. The ends for which governments are established are not to make a splendid show, to provoke admiration abroad, or to play a glittering drama for the entertainment of the rest of mankind, but to protect the people in their pursuits, and permit them to be happy in their avocations; to see that no unnecessary burdens are imposed upon their industry; to take care that they who create the wealth of the country, shall share in its enjoyment, and that they who constitute its strength, shall not be so pressed down as to shame the land and humanity alike by their degradation.

Suppose that the United States could pay her public debt upon the same terms and in the same manner in which England is paying hers: who would do it? Who wants to see the creators of the wealth of the United States making that wealth a badge of infamy by the contrast they present with those by whom it is possessed and enjoyed?

England is a country from which laboring men emigrate. She is casting her working population in tides upon every unoccupied shore. Every operative who can scrape together the means to leave his native land, leaves it. Every one who departs, adds something to the weight of the yoke of those who remain. Every one who drops into the abyss of pauperism, jeopardizes the equilibrium of those who totter upon its verge; and England would be depopulated of all but nobles, capitalists, and paupers, but for the debt which lies upon her millions, crushing out of them the last vestige of the hope to escape. Let us not be like England.

## THE POLITICAL CONSEQUENCE OF PUBLIC DEBTS.

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EXCEPT in the few instances in which one people is held in a state of political servitude or pupillage by another, the sole danger of the loss of their liberties, which men have to encounter, arises from the direct encroachments of their own government upon their individual free-agency, or from its unjust severity in multiplying the burdens which they are required to endure. From this, it follows that the political knowledge most essential to a people who desire to retain their freedom, is that which relates to the limit of the just powers of government; and yet this is a species of knowledge in which, not alone the people of the United States, but the people of other countries whose institutions partake of a popular character, are greatly deficient. That there is a natural limit to the powers of government; that there are things which governments may, and other things which they may not properly do; that there are, underlying all titles to political power, principles of justice to which such titles are referable, is an idea which inheres in the mind of man with all the force of an intuition; but it is an idea which few endeavor to reduce to formulas, and fewer still entertain with a view to deduce from it rules for the regulation of their conduct in practical affairs. "It may well be doubted," says Chief Justice Marshall, in the case of *Fletcher vs. Peck* (6 Cranch, 135), "whether the nature of society and government does not prescribe some limits to the legislative power. No government has or can be invested with the authority to destroy itself, to deprive its subjects of their liberties, to take from them their property without adequate compensation, to break up those spontaneous relations between individuals which constitute the basis of society, or to enact laws by which their industrial economy is dislocated, or their prosperity undermined."

There is a rule which relates to the construction of powers, which would seem to render it in the highest degree important to discriminate accurately between those that are and those that are not legitimate. It is this: that to whatever subject-matter the jurisdiction of government properly attaches, its power over that subject-matter is plenary. It is

bound to no rule of conduct but its own unlimited discretion. "If any one proposition," says Chief Justice Marshall, in the case of *McCulloch vs. The State of Maryland* (4 Wheaton, 405), "could command the universal assent of mankind, we might expect it would be this—that the Government of the Union, though limited in its powers, is supreme within its sphere of action. This would seem to result necessarily from its nature." In this respect, the Government of the United States does not differ from others. The sole limit has relation to the subject-matter; for the authority to legislate, once established, all further restraint is at an end; and however destructive it may be in its effects, the will of the legislature is the supreme law of the land.

Whenever government is found exercising a power which is capable of great abuse, and from which great abuses are seen to flow, it is ever in order to inquire whether the power is legitimate. It will always appear that legitimate powers are little capable of dangerous abuse, while illegitimate ones are not only extremely capable of abuse, but their exercise is injurious in proportion to its extent. An inquiry into the just powers of government might fairly be prosecuted, *a priori*, upon this predicate; and the result would be found in conformity with the soundest political theories and with the teachings of history. Whatever is wrong in principle, proves itself to be so by its ill consequences; whatever is right, vindicates itself by the beneficence of its effects.

That the power to create debts, exercised by so many modern States, and by ours, is illegitimate, is proven by the paucity of its good and the multiplicity of its bad effects. If it belongs to governments at all, it belongs to them without restraint. There is no rule of conduct in their creation, but the will of a congressional majority. So long as there are stores from which to borrow, either through voluntary or compulsory processes, the work may go on, until government is debauched, the people impoverished, and the foundations of the political state undermined; until, having exhausted its own resources, government itself becomes impossible.

The safety of the State and the well-being of the people, require that the chain of responsibility between the representative and the constituent should remain unbroken. This can only be effected by making taxation, in all cases, commensurate with the expenditure. This is what is meant by representative government—a supervision on one side, and a responsibility on the other—which admits of no intermission. When the normal circuit is broken, the government may retain its original form, but it is no longer republican. The legislator, having availed himself of extraneous means to effect his purposes, has become independent of the popular body, and it is no longer the will of a confiding people, but that of an unfaithful agent which gives direction to the government.

It is not needful to enter into a detail of the events which led to, and, in the eyes of many, justified a departure from the old, and, in general, sound policy under which, until recently, the fiscal affairs of the United States were conducted. The power to create debts, standing undisputed, a fatal departure, at some day or other, was inevitable. As the natural

end of banks is bankruptcy, and as it is the destiny of all gunpowder to be exploded, so there is a fatality inseparable from every false doctrine, which makes it certain that, once admitted, it will not fail, sooner or later, to exert the malign force with which it is charged. The appointed time arrived in a paroxysm of popular excitement, when the vigilance of the people was obscured by the prevalence of a ruling passion. The measures which the Government adopted to carry on the war, failed to be scrutinized when scrutiny was most essential. The people, intent upon the war, were oblivious to its financial consequences; and, for the time, seemed willing to be swallowed up themselves, so that the means could be procured to work a greater harm to their adversaries. A government strong enough to contract and carry an incalculable load of debt was demanded; and the frantic people seemed willing to alienate the last dollar in their purses, and the last acre of their estates, so that the passion of the hour was gratified. It is during periods like these, that established rules of right are vital to the welfare of a people; and it is by the events of such periods that false principles are put upon trial, and their unsoundness demonstrated in the misfortunes which they entail.

As with individuals so with governments, facilities in the use of credit encourage extravagance in expenditure. He who supplies his wants with borrowed money, is a very exceptional person if he is as economical as he who lives upon his own earnings and trades upon his own capital. With governments, borrowing and squandering seem inseparable. Not only so, but the vice upon both sides is progressive in an accelerating ratio; the propensity to borrow increases with its gratification, and the desire to squander grows by its indulgence. It is historical, that nearly all the great loans of the world have been unprofitably expended. Mr. Macaulay expresses the opinion that the whole vast public debt of Great Britain, with the incalculable sums paid in interest upon it, represents so much money thrown away in enterprises that were worse than profitless. The causes of nearly all the great political revolutions of modern times may be epitomized in one single word—Debt. Debt is the grand revolutionary principle, the destroyer of States, the solvent of institutions, the seducer of rulers, the demoralizer of society, the scourge of the people. With its concomitant, taxation, it is the only thing that can truly degrade. That an overtaxed people will degenerate physically, morally, and intellectually, is as certain as that blows will kill, or that the sources of life may be dried up by a fatal poison. A people who are slaves to the tax-gatherer, can be free in no other respect; and there is no Prometheus, though his torch may be lighted at celestial fires, who can keep up civil life in men whose earnings are the property of that most inexorable of creditors, and most relentless of task-masters, a needy and extravagant government.

It is a principle in politics, whose soundness will not be called in question, that a government can not legitimately destroy itself; in other words, that it can not be legally sacrificed by those, the sole function of whom is to administer its powers. It can only be annulled by the act of its crea-

tors, the people, and by means which they devise. As any act, which it is wrong to do directly, it is equally wrong to do indirectly, it follows that any thing which they who exercise political power may do, which has a tendency to bring destruction upon the government, is an assumption of power which, from the nature of things, they can not rightfully exercise. As public debts, if their creation is permitted, may so overload the government as to break it down, and render it unfit to serve the purposes for which it was created, there is no escaping the conclusion that no legitimate authority to create debts inheres in those to whom the conduct of the government is intrusted. Every exertion of such illegal power is wrong from the beginning. The debts that the assurances which they issue professedly represent do not exist. The people do not owe them. The contracts are void for lack of authority, and the people are free to act upon the question, to pay or not to pay, as an original proposition.

The matter may be placed in a still stronger light, by a reference to our own political circumstances. There is in the United States a distribution of political power into several orders of institutions—federal, state, and local; which, in their aggregate, constitute government. If the authority to create debts is an essential ingredient of political power, each of these orders of institutions possesses it to an unlimited extent. Each acts within its province independently of the others, and without regard to any but its own especial objects and desires. The federal government borrows and squanders, the States borrow and squander, the counties, townships, and cities follow the infectious example; and if there is any emulation, it seems to be as to which shall outstrip the other in the race of melting down and realizing upon all that the people earn or possess. It is easy to see how each of these fractions of government, by incurring debts and levying taxes for their payment, may exhaust the resources of the people, so as to bring the others to a collapse by defect of the necessary revenues for their support. This is no imaginary state of circumstances. The process described is in operation. Each political fraction is eating up the other. The people pay more to each than they should be required to pay to all; and the work of taxation is already going on to an extent to produce a rapid drying up the sources from which are to be drawn the means to meet future demands. Is this the state to which communities are brought under the auspices of sound principles and just powers of government? Do not these enormous actual, and still more enormous possible, abuses point unmistakably to a false doctrine lying at their foundation? The question would seem to suggest its own answer, if it is given to mortal men to learn wisdom from their adverse experiences.

## PUBLIC DEBTS—POWER TO CONTRACT.

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THE public debt appears to the people in the form of promises made by the Government, on behalf of the United States, to pay certain sums of money, either on demand, or at some time specified in the future; which promises are contracts, and subject to all those rules of general justice by which contracts are interpreted. Thus, "a contract is defined to be an agreement to do or not to do some particular act."—*Ogden vs. Saunders* (12 Wheaton, 256). It is a rule of law, of universal application, that, in order to a valid contract, there must be two parties capable of contracting. Blackstone (2 Com., 442) describes a contract to be "an agreement, a mutual bargain and convention," and affirms, that "therefore there must be at least two parties, of sufficient ability, to contract." Ability to contract, therefore, is as essential in one party as in the other; for if it does not exist in both at the time the agreement is executed, the contract is absolutely void, and may be taken as having never existed. In short, in order to a valid agreement, there must be a conjunction of two parties, both having the legal capacity to contract strictly in the manner set forth in the assurance. If there is a defect of power on either side, it is fatal to the agreement; and this fatality attaches to it from the beginning. It is not necessary to enlarge upon this point, for the doctrine is elementary in the law, and is universally applied to agreements whenever a question arises respecting the ability of parties to contract.

If, therefore, it can be shown that there was in either of the parties between whom the public debt of the United States was contracted an absence of power to contract, it will follow that the assurances of that debt represent no binding obligation upon the party in whose name they were executed to comply with their stipulations. It will be contended in what follows that there was no contracting capacity in either party sufficient to give force to the agreement, and that the agreement is void—*first*, from defect in the party by whom the promises were made; *second*, from defect in the party to whom they were made; in other words, that the evidences of the public debt of the United States, from a legal point of view, do not constitute an obligation.

And, first, touching defects in the party by whom the debt was contracted.

The public debt was contracted under authority of various acts of Congress, empowering the Secretary of the Treasury either to borrow money on the credit of the United States, giving to the lender some form of assurance in return, or by the issue of Treasury notes, which were put in general circulation by being first paid to those to whom the Government had become indebted. In both cases alike, it was practically the creation of a debt to be paid at some future time, and under different circumstances and auspices. In order to render the debt absolute, it was necessary that there should be absolute provisions for its payment; and in order to the power to create a debt that should be absolute, it was essential that Congress should possess, under the Constitution, authority to make such absolute provision; in short, that it should have authority to dictate the action of future Congresses and its own—to enact permanent laws of taxation and appropriation which neither itself nor any other Congress would have the power to repeal or the freedom to disregard until the debt should be extinguished. Congress neither has, nor can it acquire, such authority. It can enact no law of taxation or of appropriation which it is not equally free to repeal. One Congress can not bind another; it can not even bind itself. The law of one Congress or one session can be repealed by or at another; and it is a rule, not only of reason, but of the law, that no extraordinary pledges made by the legislator at one time are binding upon his discretion at another. With no other doctrine than this is representative government compatible, for every law which should bind the future is a paramount law, and a legislature exercising the function of creating paramount law is no longer an agency of the people, but is government itself.

A party contracting under such conditions is a party laboring under such defects that it is incapable of making a valid promise. The defect, being original and organic, imparts its impotency to the promise itself. "It is of the essence of agreements," says Pothrer (on Obligations, 2: 22), "which consist in promising something, that they should produce an obligation in the party making the promise to discharge it; hence it follows that nothing can be more contradictory to such an obligation than an entire liberty in the party making the promise to perform it or not as he may please. An agreement giving such entire liberty would be absolutely void for want of obligation." So would an agreement leaving such liberty in the party; or an agreement with a party in which such liberty is an essential part of its character; for the liberty, however it may exist, is conclusive of the nature of the obligation. Thus the Government of the United States can never part with the liberty to perform or not perform its promises as it pleases, and hence its contracts are vicious from the beginning.

Secondly, touching defects in the party to whom the debt is made payable.

It is a rule of law that incapacity in the obligee of a contract at the



time of its execution, to compel its performance, is equivalent to an incapacity to contract. The obligation is void from the beginning, and hence no consideration paid, or stipulation performed, will have the effect to give it vitality. Thus, a married woman is incapable of entering into a valid contract with her husband, not because there is any intrinsic defect in her, being a female, but that such are the relations between the parties to the contract that she is not permitted her day in court, and this inability reacts upon her with all the consequences of an inherent defect. So in case of the parties to a contract in which a State promises to pay money to an individual, such is the relation between them, that coercion of the former by the latter is impossible, and the original impotency voids the obligation, for it is essential, in order to constitute a legal party, not only that he should be of a contracting mind, but that he should be able to avail himself of some stated means to realize that which the agreement purports to assure.

This may be thought a hard doctrine; but it is no more so as between a State and an individual than it is between one individual and another. It had its origin in sound considerations of public policy, and would not have stood the criticism of ages had it not been the expression of a right. It may be said that if this doctrine is permitted to prevail, States may take fraudulent advantages of individuals, and borrow money with the intention to avail themselves of it to evade the stipulated payment. To this it may be answered, that the constitution and form of government of every State are notice to all the world of the means it has to meet its obligations. When a capitalist lends money to an individual, he takes great care to inquire into his circumstances, the nature of his resources, their productiveness, and the extent of his control over them; whether they are in possession or in expectancy, and what are the probabilities that his expectations will be realized. If he has any doubt of his own ultimate ability to prosecute his claim to effect, he will inquire into it, and not blindly trust the representations of any party whose interests are not identical with his own. If the creditors of the United States have failed to do this, they have none to censure but themselves; and their cause of complaint is not the hardness of the rule, but their own neglect of the proper circumspection. The law is a part of every contract, and the parties to every contract are supposed to know the law; for ignorance of the law neither aids any body nor excuses.

Having shown that the contracts of the Government, as an institution, with the public creditor, are invalid through the incompetency of both parties, the next thing will be to show the relation in which the people, of which the Government is the agent, stand to the debts which the contracts purport to assure.

If the debt is to be paid, it is the people who are to pay it; and it is for the people, through their representatives, to decide whether or not it shall be paid. So long as they remain of the opinion that it is fitting the debt should be paid, there are none to gainsay their conclusions; when they cease to be of that opinion, there is no rule of political justice which requires them to act in conflict with their opinions. If there

is freedom of opinion and freedom of action in the one case, there is the same freedom of opinion and action in the other. Republican government can exist upon no other terms than these—the right of perpetual supervision and repeal, by one Congress or one popular majority, of the acts and decrees of other Congresses or majorities. This is what is meant by a government of the people; that their will is always at liberty to act *de novo* upon every question that can arise; and that there is no legitimate device possible by means of which the present can impose shackles upon the future.

In a republican state there is no succession but in the constitution and framework of the government. The essence of government is in the popular will, free to act and to annul at the suggestion of its own convictions. Every popular election is based upon an implied programme of revolution; every change in the majority of Congress is a revolution consummated. This could not be the case if laws passed or maxims announced by one majority could, by any process of manipulation or any phrases of perpetuity, be made binding upon the acts of another. All that is transmitted is the constitution and inanimate material of the State. Whatever may be said of other forms of polity, it is with this condition that we take that which was chosen for us, and which we have thus far shown our willingness to retain.

It will be urged, that if our public debt is not one which, by either legal or political means we may be compelled to pay, still we are under a moral obligation to pay it, which, to evade, would be highly reprehensible, and expose us to merited obloquy. Unfortunately, it may be, there is no tribunal in the world to which moral questions can be brought for adjudication, and consequently the right and wrong in morals appears to rest solely in the opinion of him who assumes to pronounce judgment in the particular case. In matters of law the moral question is incidental to the legal one, and is settled with it—the decision in the one aspect including that in the other; and in matters of politics, it would be hard to show that the same dependence and identity does not exist, and that both are not determinable upon the same rules and principles. As between the non-paying debtor and his baffled creditor, it is very possible that the act of insolvency may appear in aspects and colors very unlike; but this is attributable to human fallibility—each necessarily seeing the same state of circumstances from opposite points of view. The public creditor would, doubtless, be inclined to look upon the non-payment of his coupons as immoral; but a compensation might, perhaps, be found in the fact that the tax-payer would be equally inclined and equally entitled to regard it as quite the reverse. The truth is, that while legal and political quantities are known, moral quantities are unknown. In the legal forum, therefore, that which may be done legally is presumptively moral; and in the political forum, there is no reason why the same rule should not obtain. The moral sense of mankind is frequently stunned, not so much by the abstract right or wrong of a particular act, as by the acuteness of their feelings under a sense of its immediate effects. Thus, for example, the Government of the United States has six or

seven hundred millions of dollars in paper afloat, every dollar of which is payable at the Treasury in money on presentation, and not one dollar of which has ever been paid. Here is an act manifestly illegal, continued through a course of years—immoral, because it is demoralizing in its effects, and yet where is the evidence that the moral sense of the people is exercised on that account?

## THE QUESTION OF NECESSITY.

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THE question is asked: Should a government, under no circumstances, be permitted to go in debt? Are there not cases easily imaginable, in which the contraction of a debt would become imperatively necessary? Suppose, for example, the country should be unexpectedly invaded; might not the very life of the nation depend upon the ability of the government to employ its credit in order to obtain the means of defense? The answer is in the negative. The rule, in all cases, should be tax and pay, at once, all outlays, ordinary and extraordinary; the former, by ordinary taxation, the latter, by extraordinary. There is no more difficulty in devising an efficient plan of taxation at one time than at another; and, in a time of invasion, if the people feel that the integrity of their territory is essential to their prosperity, or that their form of government is worthy of their support, they will readily respond to the severest taxation to defend the one or to preserve the other. This is the true mode of submitting to the people—the ultimate tribunal in all cases—the question whether or not they will be defended.

Experience has shown that no amount of peril will prevent the official extravagance which springs from the possession of large sums of money, the payment of which is postponed to an indefinite future. Legislators expend a choice collection of fine phrases upon the necessity and advantage of economy, all the while they are scattering money with the most lavish extravagance. And the evil continues after the supply obtained from borrowing is exhausted; for there is no habit more inveterate, either in an individual or in a government, than a habit of squandering.

This alone, if there were no other reason, would be conclusive against a practice in whose favor so little can be alleged. Government is a thing which is managed by men, and it will not do to ignore the essential qualities of the human character in the attempt to determine what are and what are not the powers with which it may safely be intrusted. Official personages are politicians, who, while they give a degree of consideration to the public interest, never overlook—that, to every man, more intimate and enduring spring of action—their own. Politicians are partisans; and however extremely the two things are unlike, the interest of

the party is always viewed by them as identical with that of the people. Every partisan has his body of immediate friends and followers, to whom he is, to a greater or less degree, indebted for the place he occupies—to whom he looks for the means to retain his present, or to rise to a more desirable position; to whose wishes he is expected to defer, and whose schemes he is holden bound to promote. The actual government, therefore, consists of the placemen and their satellites—the latter always grasping, and often needy and profligate. Hence it is that there is a perpetual lust for the means to satisfy these hordes of mercenaries who flock to the seat of government, swarm at official receptions, haunt the entrances of committee-rooms and public offices, and throng the lobbies of the halls of legislation. Hence, also, it is that an avenue of expenditure, once opened, never closes; an office, once created, never expires; an abuse, once inaugurated, is never reformed; and each party when it comes into power, inherits the institutionalized errors and extravagances of all its predecessors, virtually pledged to their continuance. We have only to look at the history of our own country during the last seven years to understand, that as borrowing increases the means to feed these parasites, so every increase of the means increases in a higher ratio, their rapacity. The waiters upon the political providence acquire skill by practice, and grow audacious as the corruption fund enlarges. The competition for office becomes more intense and less scrupulous; candidates make larger promises, and enter into more dishonest combinations for their fulfillment, until government is turned away from the purpose for which it was created, and has become an exchange where men, for iniquitous considerations, buy and sell each other.

Another reason is, that the practice of borrowing defeats the purpose for which it was adopted. A country whose government is in debt is weak, and more liable to invasion on that account. A government which has once entered upon a career of debt is never free from the burdens which it imposes and the consequent decrepitude which it entails. When invasion comes, it is already involved, its credit doubtful, and its resources impaired. It is, therefore, incapable to put forth its normal strength; for a people discouraged and spiritless from over-taxation, will even welcome an invader rather than rise to defend a government which they only know through its exactions.

But the best reason of all against the practice is, that nothing can be gained by it under any circumstances. There is a fallacy which pervades all the writings upon this subject, lay and official, and which springs from a failure to observe the difference between a loan made by a government and one made by a private individual. Money borrowed by the latter is usually for a productive, that by the former, for an unproductive purpose. The one sets labor in motion, the other absorbs the capital which would have given occupation to labor, and suspends that production which is most essential to the well-being of the community. "Borrowing," says Mr. Mill, "is not a substitute for raising the supplies within the year. A government which borrows, does actually take the amount within the year, and that, too, by a tax exclusively on the laboring

classes, than which it could have done nothing worse, if it had supplied its waste by avowed taxation; and, in that case, the transaction and its evils would have ended with the emergency; while, by the circuitous mode adopted, the value extracted from the laborers is gained, not by the State, but by the employers of labor, the State remaining charged with the debt beside, and with its interest in perpetuity. The system of public loans, in such circumstances, may be pronounced the very worst which, in the present state of civilization, is still included in the catalogue of financial expedients."

Again, quoting and approving the doctrine laid down by Dr. Chalmers: "He"—Dr. Chalmers—"says the common notion is, that in calling for the whole amount in one year, you require what is either impossible or very inconvenient; that the people can not, without great hardship, pay the whole at once out of their yearly income; and that it is much better to require of them a small payment every year in the shape of interest than so great a sacrifice once for all." To this his answer is, that the sacrifice is already made in either case. Whatever it spent can not but be drawn from yearly income. The whole and every part of the wealth existing in the country, forms, or helps to form, the yearly income of somebody. The privation which it is supposed must result from taking the amount in the shape of taxes, is not avoided by taking it in a loan. The suffering is not averted, but only thrown upon the laboring classes, the least able, and who least ought to bear it; while all the inconveniences, physical, moral, and political, produced by maintaining taxes for the perpetual payment of the interest, are incurred in pure loss. Whenever capital is withdrawn from production, or from the fund destined for production, to be lent to the State and expended unproductively, that whole sum is withheld from the laboring classes; the loan, therefore, is, in truth, paid off the same year; the whole of the sacrifice necessary for paying it off is actually made, only it is paid to the wrong persons, and therefore does not extinguish the claim; and paid by the very worst of taxes, a tax exclusively on the laboring classes. And after having, in this most painful and unjust of ways, gone through the whole effort necessary for extinguishing the debt, the country remains charged with it, and with the payment of its interest in perpetuity.

Finally, the ability to borrow money is one of the strongest incentives to that belligerent and irrational conduct by which invasion is invited. There are an abundance of men selfish enough to give their aid in fomenting difficulties, in the hope of pecuniary advantages to be realized by themselves, in consequence of a large expenditure. A government compelled to the observance of economy by the inability to run in debt, presents the smallest possible inducement to this class of public characters. If invasion must come, the country had better suffer a little more of the evils which spring from the movements of hostile armies, than to come out of it loaded with that which, so long as it endures, is an impediment. The wounds which war inflicts heal with surprising readiness. A war prosecuted on credit leaves behind it that which casts a baleful shadow over generations.

## THE LAW OF REVOLUTION.

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THE ultimate right of revolution, for the removal of those institutions or the avoidance of those conditions which are inimical to the well-being of a people, has never been disputed by any writer upon natural or political law. On the contrary, it has always been affirmed. The principle laid down in the Declaration of American Independence, that life, liberty, and the pursuit of happiness are rights native and inalienable—that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; and that, whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, however flagrantly it may have been disregarded—has never been formally denied.

“Men,” says Burlamaqui, in his *Principles of Natural and Politic Law*, “have established civil society and government for their own good, to extricate themselves from troubles, and to be rescued from the evils of a state of nature. But it is highly evident, that if the people were obliged to suffer every oppression from their government, and never to resist its encroachments, they would be reduced to a far more deplorable state than that which they attempted to avoid by the institution of sovereignty. It can never, surely, be presumed that this was the intention of mankind.” Again, says the same author, arguing to meet objections: “But it may be said that a revolt against the supreme power implies a contradiction; for if this power is supreme, there is none superior to it. By whom, then, shall it be judged? If the sovereignty still inheres in the people, they have not transferred their right; and if they have transferred it, they are no longer masters of it. This difficulty supposes the point in question, namely, that the people have divested themselves so far of their liberty that they have given full power to the government to treat them as it pleases, without having, in any case, reserved to themselves the power of resisting. *This is what no people ever did, nor ever could do.* There is, therefore, no contradiction in the present case. *A power given for a certain end, is limited by that very end.* A supreme power acknowledges none above itself.”

The people of the United States—whose ideas upon the subject are

derived from a single application of the revolutionary principle in their own history—have been accustomed to look upon revolution as a forcible effort to overthrow one government and to establish another. The remedy by revolution is not necessarily forcible, nor does it inevitably involve the overthrow of the government. Every act, whose object is to remove obstructions which the government has sanctioned, is revolutionary. It is a rule of reason and a maxim of law that the greater right includes within it the lesser. If, therefore, the people are entitled to exercise that greater right which permits them to decree a total revolution of the body politic, it follows that they are equally entitled to exercise that lesser one, which is able to secure the end in view by its renovation. Revolutions may be radical or partial—they may extend to the institutions or be limited to the conditions—but the rule is the same in all cases. It is simply an application of the principle, that the safety of the people is the supreme law; in other words, that the native rights of man are commensurate with his necessities.

The rule of conduct in revolution is, that the people are the judges of the exigency, as well as of the mode and measure of redress. The appeal being to principles which underlie all laws and constitutions, and in behalf of rights which can neither be alienated nor annulled, it is clear that incident to the primary right of redress, is the secondary one of choosing the time and the form in which it may be asserted. If it may be done under existing institutions, other things being equal, they should be employed for the purpose; but the rule can be no other than that the end to be attained is the sole limit of the means to be used for its attainment.

Such being the case, the first question which the subject presents to the people is whether their condition is such that a change is essential to their safety and happiness; the second relates to the causes by which their safety and happiness have become imperiled; and the third to the means requisite for their removal. Happily, in the present instance, the powers inherent in the people, and a line of conduct consistent with the integrity of existing institutions, is sufficient. How long it will continue to be so, is a question of profound interest. Debt, taxation, and the custom of forced loans, work silent changes in the practices of governments, which, when sanctioned by endurance, become precedents, and have all the force of institutions. When the tender laws were passed, they were admitted by their advocates to be revolutionary in their character. Their establishment as a right is a revolution accomplished, which it will be the duty of the Government to confirm by corresponding modifications of laws and constitution. The right must be surrounded by muniments for its protection. Usurpation has become legalized; and that which may now be removed by the peaceful action of the people in their primary assemblies, will require an appeal to arms, with all its terrible incidents and unforeseen consequences.

The history of human government is a history of alternate infringement and reinstatement; of the wrongful seizure of power, and its rightful recovery. To these alternations, no form of polity can be exempt. There is



no order of rulers who, if permitted, will not encroach. There was never a government from which there was not something to be reclaimed. Power, like every thing else of human desire, is continually seeking to augment, either its sum, or the means of its enjoyment; and there is no body of institutions, nor any form of written guarantee, which is potent enough to overcome that propensity for dominion which is engraven in the nature of man. Men mistake, most grievously, and to their own disadvantage, when they imagine that kings are the only personages gifted with a growing appetite for power. Whatever the form of government may be, there is no safety for the people, but in their own vigilance; and whatever the form, so long as the people are vigilant, they are safe. There is, therefore, no time when it is not in order for the people to inquire whether or not they are in the full enjoyment of all to which, as the end and purpose of all government, they are entitled; nor any time when, having discovered that they are not in such full enjoyment, it is not, at once, their right and their duty, to use all the necessary means to make the realization commensurate with the entitlement. There is no sanctity in any form of political arrangement; no divine prerogative implanted in any body of laws or institutions. Mankind can not be too often told, nor can they learn the lesson too literally, or too perfectly, that the State is but an implement, useful only inasmuch as it ministers to their safety and happiness; which is prone continually to get out of order and to need repair; and which, when out of order, they alone can restore to its proper usefulness.

It is a mistake to imagine that a State is in danger of falling into anarchy, where a people set themselves to work to reform their affairs; and that, therefore, it is better to bear the pressure of weighty ills than to enter upon a task so perilous. The people of the United States have been told a thousand times, that they must hold fast to what they have got, and tolerate even its incidental evils and the abuses of which it is made the agent, rather than attempt to remove them, lest, in their efforts to improve their condition, the entire fabric shall fall to pieces; in which case, they are assured that there is not wisdom enough extant to establish a fitting substitute. If this were really the case, the fact, in itself, would prove the people of the United States unfit, not to say for self-government, but for government. There is nothing in which mankind are so prolific as in institutions. There is nothing into the construction of which they enter with so much alacrity. The danger is not upon the side of too few institutions, but in that of too many. There is no more momentous truth than that which is contained in the maxim, "The world is governed too much." If men could only arrive at a distinct and just conception of what they want at the hands of government, there is not a political State in the world that would not undergo a revolution. Nearly half of our ideas of the functions of government are the inherited relics of the feudal and the succeeding military polities of Europe. With the facts of the nineteenth century, we have the notions of the sixteenth, and no revolution could be too costly which would bring the political conceptions of the people into a state of conformity with their circumstances.

## NON-PAYMENT THE GENERAL RULE.

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REFLECTING upon public debts with reference to the question of payment or non-payment, it is commonly assumed that the former has been the rule among mankind, and the latter the exception. An examination into the facts, however, will lead to the knowledge that while in many, and perhaps in a majority of cases, the small debts have been paid, non-payment has been the rule, and payment the exception, in respect to the large ones. When nations have gone recklessly into debt, the alternative which the consequences have presented to their rulers of repudiation or revolution has, in almost every case, determined them in favor of the former. It was a generalization from such facts which led Montesquieu—whose readings in the political history of different peoples had been more extensive than those of any other writer of his day—while he did not dispute the legitimacy of the practice of borrowing money, to lay down the rule that, beyond a certain point, governments were not bound by their promises to pay. In his *Spirit of Laws* (Book 22, Chap. 18), he says:

“It is necessary that there should be a proportion between the state as creditor and the state as debtor. The state may be a creditor to infinity, but it can only be a debtor to a certain degree, and when it surpasses that degree the title of creditor vanishes.”

The same rule is given by Grotius in his celebrated treatise upon the *Rights of War and Peace*, in which, not questioning the rightfulness of the authority under which debts are contracted, he affirms that, upon the question of payment, the promise of the government must be disregarded rather than the people be made to suffer. In Book 2, Chap. 14, he says:

“That a prince is not bound by any contract, though solemnly made, if it tend to the detriment of the commonwealth; for that a prince is more strongly bound to the commonwealth than to his promise, as Mr. *Camden* records. And what is here said of contracts is true also in the alienation of the people's money, and of any other things which the king hath, by law, a power to alienate for the public good.”

It is upon a similar principle that all the insolvent and bankrupt laws

of modern times have been enacted, and by which they are justified. The common sense of mankind has, in many ways, signified its rejection of the doctrine that debts are absolute. It practically gives its assent to the proposition that there is a point where the right and the necessary coincide; that neither individuals nor communities are to be holden guilty for not doing that which to do is impossible. In mercantile countries especially—and this is one of the humane effects of that mercantile which has displaced the preceding military civilization—all contracts are, in fact, conditional. They rest upon the implied stipulation that when the debtor is palpably unable to fulfill the promises they contain, he shall not, therefore, be pursued to his destruction. It is upon this principle that the old and barbarous laws under which men were whipped for insolvency and imprisoned for debt have been repealed; that stay laws have been enacted, and homestead laws, and laws exempting the household utensils of the poor and the tools of the artisan from execution—every one of which would be unjust under the doctrine that debts are absolute.

There is a certain form of public obligation which is always treated by governments, and regarded by the people, as of inferior force; which the former almost invariably neglect, and whose evasion is looked upon by the latter with something more than indulgence. There appears no reason, in the nature of things, why a claim against the state, which has not been adjusted, its amount fixed, and the proper assurances passed over to the creditor, should be any less sacred than one which has undergone that ceremony; and yet there is a sharp line of distinction between the manner in which they are severally esteemed and the treatment which they respectively receive. The creditor, in the one case, is apparently looked upon as a sort of public mendicant, an importunate beggar, whose presence in the lobbies and committee-rooms of the houses of legislation is felt to be irksome, and whose claims are to be postponed until they expire with his person, or with the decay of his hopes; while, in the other, he rises to the dignity of a privileged character, and men seem to acquire honor by declaring that no amount of public or private sacrifice is too great to secure a full compliance with his demands. From this it would seem that the validity of a public debt depends not so much upon its intrinsic justice as upon the mode in which it is evidenced. An unadjusted claim, however righteous, may be disregarded without disturbing the moral susceptibilities either of the rulers or the ruled, while one that is authenticated by some conventional form of assurance, acquires, in a way that it is difficult to account for or describe, a quality of sacredness which, to call in question, is considered dishonorable, and exposes the skeptic to the severest imputations.

Thus, the Special Commissioner of the Revenue of the United States, while laboring, with great statistical and argumentative ingenuity, to show the payment of the public debt to be possible, lays down the following as one of the conditions of such possibility—the others being restriction, retrenchment, and economy:

“FOURTHLY, That, so long as the necessities of the nation are para-

mount to those of individuals, no claim for damages sustained in consequence of the rebellion be either paid or considered."

Here "the necessities of the nation" are placed in opposition to the claims of individuals; and yet the necessities of the nation are nothing more than the claims of another class of individuals. It is difficult to conceive the course of reasoning which led an able and careful gentleman to identify the holders of the Government paper with the nation, and to make the payment of their demands a matter of paramount national necessity, while he puts the holders of unliquidated claims, not merely in the category of private citizens, but in that of aliens, whose dues, for the sake of those of the other class, are not only not to be paid, but are not even to be considered. Here, in an elaborate treatise, directed expressly to the solution of the question, Can the public debt be paid? and answering it in the affirmative, is the qualifying condition that, in order to the payment of the debt, it must be divided into two parts—one part to be utterly ignored and disregarded, while the other is to be met with great scrupulousness and integrity. And this is called the preservation of the national honor! This is the way that men reason who, actually or mentally, associate so entirely with one class and its interests as to forget the existence of any other class, or at least to become oblivious to the fact that it has any interests worthy to be regarded. The cause for this is obvious. The party whose welfare is most intimately associated with all questions relating to debt and taxation—the people who create all the wealth, and even the means by which all the taxes are paid—have no mode of access to the official presence, nor any organ with a voice potent to penetrate the charmed circle where sit the dignitaries by whom their destiny is directed; while the holders of authenticated securities, solid with wealth, and banded by interest, can so surround the high priests of that locality as to render them oblivious to the interests of any but themselves.

Still, mistaken as is the Commissioner of the Revenue in respect to those by whom the national interest is represented, he is not without a conception of the true doctrine, that the interests of the whole people are paramount to those of individuals. The reason he gives for neither paying nor considering claims for damages is the true one; but the reason does not stop at the boundary which divides one class of public creditors from another; it extends over the whole; and if there are any grounds for preferring one class or order to another, it is the class opposite to the one which he recommends should be preferred.

There is not only no reason for the practical discrimination which is made against the holders of unliquidated claims, but the reason is the other way. In most cases they are the involuntary creditors of the Government—men whose property has been seized for the public use, or destroyed in the prosecution of a public war. They stand on different, and, in a moral respect, superior ground from that occupied by the voluntary creditor, who has lent his money at a stipulated rate of interest, and, in consideration of the chances of a profitable investment, risks the chances of a loss; who has taken advantage of the public need to make the

best possible bargain, and takes excellent care to collect his usury as fast as it accrues. The fact that such a discrimination is made and permitted, is proof enough that not a little of the tenderness of conscience professed in respect to the obligations which public debts impose, is of questionable sincerity. To divide the mass of a public debt into two parts, and to atone for ignoring the one by taking high conscientious ground in respect to the other, is a species of compensation which, however attractive it may appear to the creditor, who has his bonds in his coffers, will hardly bear a critical examination.

The claimants for compensation on account of French spoliations, prior to the year 1801, under a treaty by which the United States, upon certain public considerations, released the French Government and thereby became liable for the amount to the sufferers, who were American citizens—the amount being about five millions of dollars—are now represented by their children and grandchildren, who follow the example of their ancestors with like chances of success. "The safety of the community," said Mr. Bibb, of Kentucky, "was paramount to the claims of private citizens;" and this rule, which, it was said, governed in the formation of the treaty, continues to govern in the way in which disposition has been made of the claims of those to whom the United States became indebted under its provisions.

There are still outstanding claims for compensation, growing out of the war of 1812, and out of the war with Mexico. Men who were friends to the Government, in both of these conflicts, and whose demands are more just than the demands of those who, within the last seven years, have made themselves public creditors by purchasing the bonds of the United States at sixty cents on the dollar, have worn out their lives in vain attendance upon the halls of legislation. It may be unwise to employ the term repudiation in connection with these events—for the word, if not the thing, is abhorrent to the well-regulated mind—but if it is not that, what is it? It is a thing done by the rulers, and with the permission of the ruled. Who protests? Whose moral sense is outraged by the constant, the established, the—it may almost be said—invariable, practice of the Government since the day of its organization; a practice which, if for the Government to owe constitutes an absolute obligation to pay what is owed, is a departure from honesty so flagrant and palpable as to render protestations of integrity as little reliable as a currency of unconvertible paper promises.

It is stated by those who profess to know, that the public debt of the United States, liquidated and unliquidated, amounts to not less than five thousand millions of dollars. Some of the claims set up are, doubtless, unfounded; but many of them, on the other hand, are the most meritorious of all the obligations which the Government has incurred. At the rate at which the work of adjustment is going on, it will require scores, and, perhaps, hundreds of years to bring it to a conclusion. In the meantime the public, and not the public alone, but the officers of the Government, base all their calculations, estimates, and prognostics upon the twenty-five hundred millions of adjusted debt. The one does not want

to hear of any more ; and the other does not care to present the unwelcome item for general inspection. It is an open secret, which each, for its own sake, omits to notice. But it is not in this way that the appalling fact is extinguished. The twenty-five hundred millions of unadjusted debt stands, to say the least, upon equal moral grounds with the corresponding adjusted amount. But state the public debt of the United States at five thousand millions of dollars, and the universal exclamation would be, that payment is impossible. Hence, practically, the process of repudiation is extended over one-half already. Like dishonest insolvents, we have elected the favorite creditors, and have virtually concluded to dispense with the remainder. To the extent of half we owe, we recognize the justice of the doctrine that "the safety of the community is paramount to the claims of private citizens;" that when the debt surpasses a certain degree, the title of creditor vanishes; that the Government is not bound to its obligations "if they tend to the detriment of the commonwealth," but are not yet morally prepared to recognize it in respect to the other half. We go further than even this in the process of self-deception; and in the presence of four hundred millions of dollars in dishonored and depreciated paper promises, we loudly profess, with multiplied asseverations, that every dollar and cent of the evidences of the public indebtedness shall be promptly redeemed.

The Government has brought its power to bear upon the people of the South to compel them formally to repudiate the debt which they contracted to carry on their war. So far as the South was concerned, this was entirely unnecessary, for the events of the war, and its destructive incidents have, in the eyes of all the world, made such payment an utter impossibility. It was not a blow struck at the South, but at the creditors of the South. It was a virtual declaration by the Government of its right at will to dissolve the relation of public debtor and public creditor. The meaning of the act is, that public debts are things of conventional obligation; for if they are absolute, no action on the part of the Government, and no compelled action on the part of the South, would, in the slightest degree, affect their validity.

Public debts are things of modern invention. They owe their origin to that mercantile civilization which, during the last and the present centuries, has been gradually superseding the precedent form of military nationality. The feudal system did not admit of them, and its successor but partially. The practice of mercantile credits afforded the example and prepared the way for public credits, and the accumulations which were the consequence of the corresponding devotion of mankind to industrial pursuits, provided the means which encouraged their contraction, and dictated the ethical maxims upon which they depend. In every case of the undue extension of credit, it is not the debtor alone who is to blame. He who lends his money to another for a speculative purpose, or who is not careful to inquire into the means of the borrower, takes a share of the risk upon himself, and has no right to complain of the loss of his capital through defective management or the misfortunes incident to human enterprises. There was no want of notice to the voluntary creditors of the

United States, either in respect to the political conditions to which their claims would be subject, or in respect to those other circumstances which might render a command of the means essential to their payment impossible. They made their own terms with a debtor who was needy, and who might turn out insolvent; and when they purchased the bonds, payable principal and interest in gold, which the Treasury threw into the market, at a little more than half their face, they showed that they had calculated the chances. They took the risk, and fixed the discount to correspond with the premium they required to compensate for the uncertainty.

Hence it is that the common sentiment of mankind has declined to regard national insolvency as an offense. The bulk of the revolutionary debt of the United States went unpaid, though a small portion was funded, and, in the course of time, discharged; but upon what ground the discrimination was made, it is difficult now to discover. The fear of a revolution in the State as the consequence of an attempt to collect enough to extinguish the whole, had, without doubt, its effect in determining Congress to abandon the greater part; for speaking of public indebtedness, Mr. Hamilton, the then Secretary of the Treasury, pointedly remarked, in one of his reports: "A tendency to it is, perhaps, *the natural disease* of all governments; and it is not easy to conceive any thing more likely than this, to lead to great and convulsive revolutions of empires."

Although the British Government, unlike that of the United States, is so constituted that it is the creditor class which lays the taxes and makes the appropriations, still that Government has, several times, felt itself compelled, by its prostrating effect upon the industry of the country and the consequent popular commotions, which its pressure served to excite, to reduce the interest upon its debt—which is equivalent to a repudiation, in an equal ratio, of the principal. The authority of the Government, upon considerations of the public welfare, practically to abolish, by a single stroke of legislation, the half, and more than the half of the aggregate of national obligation, was admitted; and, although, no doubt some of the public creditors considered the proceeding to be one of very questionable morality, and had a little to say about the duty of keeping the public honor inviolate, the result has demonstrated the wisdom of the act, and the judgment of the sober second thought has been one of approval. But this is not all. To the failure to comply in full with the spirit of the maxim that the safety of the people is the supreme law, has been affixed a penalty under which England is suffering. The richest country in the world, she is the country of all others where the extremes of wealth and poverty are most strongly contrasted. In England may be seen the accumulated effects of that exorbitant taxation which makes the rich richer, and condemns the poor to a poverty at once helpless and hopeless. England supports an army of a million of paupers, at an annual cost of five millions and a half of pounds; and her vast body of laborers on farms, and in factories and mines, are tottering on the verge of pauperism. There is not on the face of the globe a spectacle more pitiful to contemplate than the "white slaves of England." British pau-

perism and semi-pauperism institutionalized and self-reproductive, present questions of the most difficult character; and the huge collection of statutes enacted to remove or mitigate the evil, and all without effect, testify to its obstinacy, as well as to the unceasing dread which its presence excites, and the apprehensions which are entertained of things in the future more dismal than any that have yet been realized. It will not do to cite England as an example of a country where a vast public debt is easily borne; for there is nothing in her social condition that does not most undeniably prove the reverse.

Debt, with its associates, taxation and lavish expenditure, and with its almost inevitable consequences, the exemption of a large privileged class from public burdens, with a redoubled pressure upon the remainder, was the primary cause of the French Revolution of 1791, under the force of which the debt ceased to exist; while the revolutionary debt, although guaranteed by an abundance of arbitrary statutes, and assured by every imaginable form of public asseveration, went out in the convulsions which followed its creation, and which it had aided to excite.



## THE CONCLUSION.

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THUS all the different lines of argument lead to the same conclusion: that the public debt—that public debts—should not be paid; that they are falsely called debts; that the people do not owe them; that they who contracted them had no authority so to do; that the evidences by which they are assured bind nobody; that in our case, even if the people would, they could not pay them; that the right to use every means to escape from burdens that are intolerable and present obstacles to the enjoyment, by the people, of the fruits of their labor is a primary right, which no circumstances can take away—which it is as wrong to obstruct by indirect means as by direct; that the present public debt is prostrating industry, offering an insuperable bar to progress, paralyzing the industrial strength of the people, frustrating all their efforts to reconstruct the shattered mechanism of their economy, and filling their hearts with dismay and discouragement; that it is debauching the government in all of its departments, and supplying the means by which it is being mined to its overthrow; that, in short, there is no safety for the people—no hope of safety to themselves or their institutions until this incubus has been removed, this system of legalized robbery brought to an end by the sweeping away of that upon which its continuance depends.

There was never a public debt contracted—except in the form of a forced loan from the people—that did not owe its existence to a conjunction of two dishonesties. There was, on the one side, a criminal greed for such personal gain as arises from the handling of borrowed money; and, on the other, a desire for the means of investment upon terms more profitable than private men can afford to offer. It is, in fact, the conjunction of the profligate and the usurer—the one reckless, the other unconscionable. The proceeds of all such loans, when they are spent, are lost. They never inure, in whole or in part, to the benefit of those upon whom is cast the burden of their payment; and even in their expenditure, the seeming prosperity which they occasion is false and illusory. The laboring men of the United States, nominally received more for their services during than before the war; but the difference was more than made up by the increased cost of the necessaries of life, and the extravagance which a redundant currency invited and encouraged. Now

wages are going down, and thousands are being cast out into the world without employment; and even such as by close economy succeeded in saving something during the years of fatness, now find it melting away, and themselves sinking into a deeper and more hopeless penury than they ever before experienced.

These facts are patent to the eyes of all; but men afraid to contemplate the reality which they fear exists, try to find in each other an assurance that present circumstances are but temporary. They are not temporary. They are as permanent as the debt. Make the debt absolute, and not only all that is being suffered, but more than has, as yet, been conceived, will be the inheritance which they who now live will transmit to those who are to come after them. There will never cease, of course, to be rich people, whose ease and luxury will stand in strong contrast to the gripping poverty by which they are surrounded. As in other countries overshadowed by the sable wings of that angel of desolation, a perpetual debt, the palace and the hovel will stand side by side; and the sounds of revelry will reach the ears of those whose hearts are sinking with dismay, whose hands are condemned to idleness, and whose lives are fading out in hopeless destitution. He who has safely laid up his wealth in public securities, has founded his house upon a rock. He pays no taxes. He has mounted the car of the State; and rides in ease and security while the people below tug at the traces. He has no need to invest his capital in the perilous channels of trade or production, for he realizes a better profit upon it, with no trouble but that of receiving his semi-annual dividend; and every working man thrown out of employment, adds to his savings by reducing the cost of such services as he requires.

He is the guardian of the public morals, and feels acutely how deep would be the disgrace of failing to pay the last dollar of our national obligations. It will not take him long to become convinced that the true basis of representation is property; that they alone who have a stake in the State are safe depositaries of political authority. He has more than half learned it now. He has already given his adhesion to the doctrine that education is the only safe basis of a republican form of government; that it is only the intelligent and enlightened who are fit to be intrusted with franchises; that the idea of universal suffrage is a delusion; and that there is nothing so perilous as power in the hands of the poor, the rude, the vulgar, and the uninstructed. The day, in the United States, may be anticipated when want will become demonstrative—when men, beside themselves with misery, will feel compelled to appeal to that higher law of self-preservation which stands eternally supreme above all human statutes and enactments, and demand whether there is a reason in nature for that unequal distribution of things which consigns them to hunger and nakedness, while others are happy in abundance. All such acts of insubordination will be put down with the strong hand. The Government will be indignant and relentless, and the wealthy and respectable will feel greatly scandalized. The public press of all parties will teem with essays upon the immorality and danger of such proceedings. Not only will it

be discovered that a class so ignorant and turbulent are unfit material for political citizens, but measures will be taken to insure against so combustible an element by a sentence of disfranchisement. Then we shall have, as they have in England, a government of bond-holders; but where will be the liberties of the people?

The great Hebrew lawgiver—who was wiser than his successors of these days in the law-giving profession—foreseeing times when, through accumulated debt and its effects, the wealth of the land would be concentrated in the few, and servitude and poverty entailed upon the multitude, decreed a semi-centennial day of release, when all debts should expire, and all servitudes be extinguished; and called it a jubilee. In the year of jubilee, liberty was proclaimed throughout all the land, to all the inhabitants thereof. Upon an appointed day, a trumpet was blown, freedom from debt and servitude to all who were in bondage declared, and a voice of thanks to God for release went up from every part of the land. This is what the people of the United States require; this is what they should demand; this is what they must will and achieve—a jubilee. They should demand it for themselves and for their children, for their country, their institutions, their liberty; in the name of humanity—in the name of God. Country, institutions, liberty—all are in danger. They are in danger, imminent and extreme. The country is rushing into the throes of a revolution. Its rulers, at once panic-stricken and desperate, are aiming convulsive blows at the guarantees of popular liberty, alike ignorant and reckless of the consequences. Put no trust in those who, long ago, forgot every interest but their own, and who, so far from being able to save the country, are inadequate even to the task of saving themselves; whose every act proves alike their folly and their impotency. Put no trust in those who, equally forgetful of every interest but their own, base their claims to power in the State upon the fact that they are ready to sanction the worst acts, and take on the worst diseases of the party they aspire to supplant. Let, for a brief period, the day of shams come to an end, and watch the dawning of the day of realities. Give, for once, the lie to the whole body of schemers, wire-workers, and confidence men, whose first and sole principle and rule of action is that the people are fools, pregnable only to falsehood, and who must be cheated in order to be led. Let the cry go forth, as once it went forth in Israel—"Every man to his tent!" It is time to follow leaders when they tell you distinctly where they are going, and what they intend to do, not for themselves, but for you. If this great and enslaved people are to be emancipated, the work is for them to perform. No man can do it for them, and no man will.

When the day of jubilee dawned, every yoke was broken, every debt swept away, every servitude at an end. Let the decree go forth that, hereafter, neither the capital city of the Union, nor the capital cities of the States, nor the seats of counties, nor the legislative halls of towns, shall be places where unfaithful public servants gamble with scheming men for the moneys of the people. Break every yoke; annul every servitude; cast down every burden; let the captive proclaim his own

liberty, the overburdened man assert his own manhood; and let the slaves of the State say that the State was not made to enslave, and that it must go the way of all despotisms if it insists upon enslaving. Nothing is necessary but to propagate the sentiment. Concentrated sentiment is the highest power known to mankind. Let the word go forth, and it will be soon seen that there are enough ready to act. The average politician is the rankest poltroon that ever crawled unkicked upon the divine footstool; but let him feel that he has an abundance of backers, and he will imagine himself a hero, and will get up a tolerable imitation of one. There are ten thousand aspiring gentlemen in the United States who, if they had dared, would have told the people that their only hope of relief and progress lies in the path here pointed out; but they dared not do it. It was not because they did not know it, but because they wanted the courage to utter what they knew. They were afraid of the people, and afraid for themselves. Let the people take the initiative, and they will see how ready these poltroons are to step to the front and take the command.

There is a story of an ancient city which, with its inhabitants, was struck at once into petrified silence and inactivity by the skill of a wicked magician. Every thing remained in the posture in which it was placed at the instant the charm was pronounced. The spear of the mounted warrior paused in the very act of being hurled. The hammer of the artisan hung where it had been lifted by an arm as unconscious as itself. The invited guests still sat in the attitude of life, but rigid and stiff around their stony refreshments. The maiden sat in her boudoir, and the matron at her wheel, all unconscious of the lapse of years and centuries. The water, stricken with sleep above the fountain, forgot to fall; the door stood half-way open, with the arrested comer on the threshold; the poet held his pen as lifeless as himself suspended above the unstained parchment; and the lover looked up to the window of his mistress who looked out upon him with a fossilized smile of recognition. Hark! There is the note of a trumpet, at first faintly whispering over the far distant hills, and then swelling into a clear and silver melody. The spell is being dissolved, the chain is burst. Every thing springs into instant life and motion. The eye of the warrior kindles, and his spear rushes forward to its destination; the hammer of the artisan falls, and he is revived; the guests awake and go on with their entertainment; the maiden plies her needle, the matron's wheel revolves, the water plashes cheerfully in the fountain, the poet writes, and the lover and his mistress exchange greetings and gestures of affection. So has the malign spell fallen upon this people, and petrification has commenced; but, for them, it yet remains to say how long they shall wait for the trumpet that gives the note which is to break the charm and bring deliverance. Shall their jubilee begin now, or are they so in love with servitude, so easily amused with trifles, so resolved to be led aside and absorbed with questions in which they have no interest, that they can not spare the time which their own affairs imperiously demand? This is a question which they alone can answer. The price of liberty is eternal vigilance; and they who neglect one favorable opportunity may never have another.

